

# News Release

## Half year results for the six months ended 30 June 2022

23 August 2022

*This announcement contains inside information*

### Operational momentum and order book growth

|                                           | <b>HY22</b>  | <b>HY21</b> | <b>Movement</b> |
|-------------------------------------------|--------------|-------------|-----------------|
|                                           | <b>\$m</b>   | <b>\$m</b>  | <b>%</b>        |
| <b>Continuing operations<sup>1</sup>:</b> |              |             |                 |
| Order book <sup>2</sup>                   | <b>6,424</b> | 6,134       | 4.7%            |
| Revenue <sup>3</sup>                      | <b>2,561</b> | 2,570       | (0.4)%          |
| Adjusted EBITDA <sup>4</sup>              | <b>185</b>   | 195         | (5.1)%          |
| Adjusted EBITDA margin                    | <b>7.2%</b>  | 7.6%        | (0.4)ppts       |
| Operating profit before exceptional items | <b>41</b>    | 45          | (8.9)%          |
| Operating profit                          | <b>30</b>    | 30          | -               |

### Results from continuing and discontinued operations<sup>1</sup>:

|                                                            |              |        |         |
|------------------------------------------------------------|--------------|--------|---------|
| Profit / (loss) for the period                             | <b>89</b>    | (11)   | -       |
| Basic EPS (c)                                              | <b>13.0c</b> | (1.7)c | -       |
| Adjusted diluted EPS <sup>5</sup> (c)                      | <b>5.7c</b>  | 8.9c   | (36.0)% |
| Net cash used in operating activities                      | <b>(147)</b> | (120)  | (22.5)% |
| Free cash flow <sup>6</sup>                                | <b>(363)</b> | (280)  | (29.6)% |
| Net debt including leases                                  | <b>2,156</b> | 1,775  | 21.5%   |
| Net debt excluding leases <sup>7</sup>                     | <b>1,756</b> | 1,275  | 37.7%   |
| Net debt / adjusted EBITDA (excluding leases) <sup>8</sup> | <b>4.2x</b>  | 2.9x   | n/a     |

*Built Environment Consulting is now treated as held for sale and its results shown as discontinued operations. We have adjusted our underlying results to reflect this, including restating comparatives. See notes on page 4.*

### Ken Gilmartin, CEO, said:

*"Since becoming CEO in July, I have been really encouraged to see the improving operational momentum across our business, including some great client wins. The strong order book gives me confidence for the future but there is a lot more to do on cash generation and this is our top priority.*

*"We are developing an updated strategy for Wood that will draw on our core strengths, return us to growth and deliver sustainable free cash flow. We perform complex work in critical industries and our outstanding technical expertise and strong long-term client relationships position us well for growth across targeted markets. We have the consulting and engineering capabilities to help the world solve the global challenges of energy security, decarbonisation and energy transition. I look forward to sharing our plans at our capital markets day in November.*

*"In the meantime, we are focused on our culture and energising our people, performance excellence and strengthening our balance sheet through the completion of the sale of the Built Environment business, which we expect around the end of Q3".*

## HY22 financial highlights

- **Revenue (continuing operations)** flat with growth in Operations (+18%) and Consulting (+2%) offset by the expected decline in Projects (-15%)
- **Adjusted EBITDA (continuing operations)** down 5%, with a robust performance in Consulting offset by a decline in Projects and Operations. Improved performance in Investment Services
- **Margin (continuing operations)** down 0.4ppts including the impact of the anticipated lower margin in Operations and a slightly lower margin in Consulting, both offsetting higher margins in Projects
- **Exceptional items (continuing operations)** pre interest and tax of \$11 million (HY21: \$15 million) including restructuring costs and an asbestos credit
- **Adjusted diluted EPS** of 5.7c down 36% reflects the lower EBITDA and higher finance expenses
- **Free cash flow** (including discontinued operations) of \$(363) million includes a working capital outflow of \$208 million and exceptional cash costs of \$102 million, including the scheduled SFO settlement payment and costs associated with previously provided for loss-making contracts, principally Aegis

## Sale of Built Environment Consulting to WSP Global expected to complete around the end of Q3

- **Enterprise value of \$1.81 billion**, representing an EV multiple of 16x (incl. expected standalone costs)
- **Net cash proceeds expected to be around \$1.62 billion** after working capital adjustments, tax and transaction costs
- **Will transform balance sheet:** the immediate use of proceeds will be to reduce the Group's net debt

## Balance sheet

- **Net debt (excluding leases)** of \$1,756 million at 30 June 2022 reflects the negative free cash flow in the period
- **Net debt / adjusted EBITDA (excluding leases)** at 4.2 times at 30 June 2022, below our covenant levels currently set at 4.5x for the June 2022 and December 2022 measurement dates (which revert back to 3.5x thereafter)
- **Provisions:** the trial for the legacy lawsuit with Enterprise, related to a chemical plant in Texas, started in April 2022 and has concluded, with a decision expected by year end

## Operational momentum

- **Order book (continuing operations) up 5% to \$6.4 billion** with strong growth in Consulting (+16%) and Projects (+24%) partially offset by a decline in Operations (-6%), where the prior year benefited from significant multi-year orders
- **Continue to de-risk our contract portfolio** with 80% of Group revenue (continuing operations) now from reimbursable work (HY21: 75%) and only c.3% from lump sum turnkey contracts (FY21: c.6%)
- **Multiple key contracts awarded in the period** across all three business units, including a 10-year strategic partnership with Chevron
- **Contracts wins across energy transition and decarbonisation worth over \$500 million** so far in 2022

## Outlook for 2022

- As stated previously, we expect higher revenue across our business this year and an improved performance in the second half, helped by an improvement in our Turbines joint ventures
- At 30 June 2022, revenue in our order book (continuing operations) for the second half of 2022 was \$2.5 billion, an increase of 9% compared to the prior year equivalent figure of \$2.3 billion.
- Our guidance for FY22, excluding Built Environment Consulting, is:
  - **Revenue between \$5.2 billion and \$5.5 billion**
  - **Adjusted EBITDA between \$370 million and \$400 million**

**Updating our strategy**

- We are updating our strategy, based on the strong foundations of Wood. We have unique consulting and engineering skills that are critical to solving the global challenges of energy security, decarbonisation and energy transition
- We will hold a Capital Markets Day on 29th November 2022 to outline our updated strategy in detail
- In the meantime, our near-term priorities are:
  - Completing the sale of Built Environment Consulting
  - Strengthening our balance sheet and restoring financial flexibility
  - Focusing on our culture and energising our people
  - Defining our priority growth markets
  - Improving operational delivery and consistency
  - Addressing our remaining legacy issues

**Presentation**

A meeting for investors and analysts will be held at The London Stock Exchange (10 Paternoster Square, London, EC4M 7LS) at 9:00am. The presentation will be webcast live at <https://edge.media-server.com/mmc/p/2y765v44>.

It will subsequently be made available to watch on demand at [www.woodplc.com/investors](http://www.woodplc.com/investors). A transcript will also be made available on our website.

**For further information:**

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*Notification authorised by Martin J McIntyre, Group General Counsel and Company Secretary.*

## NOTES

### **Adjustments between statutory and underlying information**

The Group uses various alternative performance measures (APMs) to enable users to better understand the performance and earnings trends of the Group. The Directors believe the APMs provide a consistent measure of business performance year-to-year and they are used by management to measure operating performance and for forecasting and decision-making. The Group believes they are used by investors in analysing business performance. These APMs are not defined by IFRS and there is a level of judgement involved in identifying the adjustments required to calculate them. As the APMs used are not defined under IFRS, they may not be comparable to similar measures used by other companies. They are not a substitute for measures defined under IFRS.

**Note 1:** The Built Environment Consulting business is now treated as held for sale and its results shown as discontinued operations. We have adjusted our underlying results to reflect this, including restatement of comparative information. The result of this is there is no contribution from Built Environment Consulting included in revenue or adjusted EBITDA in all periods. There is no change to EPS.

**Note 2:** Order book comprises revenue that is supported by a signed contract or written purchase order for work secured under a single contract award or frame agreements. Work under multi-year agreements is recognised in order book according to anticipated activity supported by purchase orders, customer plans or management estimates. Where contracts have optional extension periods, only the confirmed term is included. Order book disclosure is aligned with the IFRS definition of revenue and does not include Wood's proportional share of joint venture order book. Order book is presented as an indicator of the visibility of future revenue.

**Note 3:** Revenue includes an exceptional item in HY22 of \$(8.0) million (FY21 \$(25.4) million) related to contract losses in respect of the closure of the Power and Industrials EPC business. In FY21 the exceptional item related to Aegis Poland. Revenue (pre-exceptional items) is an APM that is used throughout this Report as the Group believes it provides a more useful measure of performance. Given the immaterial size of the exceptional item, we refer to revenue throughout the Report as the \$2,561 million pre-exceptional figure.

**Note 4:** A reconciliation of adjusted EBITDA to operating profit (pre-exceptional items) is shown in note 2 to the financial statements.

**Note 5:** A reconciliation of adjusted diluted earnings per share to basic earnings per share is shown in note 7 to the financial statements.

**Note 6:** Free cash flow is defined as all cash flows before acquisitions, disposals and dividends. It includes all mandatory payments the Group makes such as interest and tax, and all exceptional cash flows. It excludes the impacts of IFRS 16 (Leases) accounting. A reconciliation of free cash flow to our statutory cash flow statement is shown on page 19.

**Note 7:** Net debt excluding leases is total group borrowings, offset by cash and cash equivalents. Borrowings comprise loans drawn on the Group's revolving credit facility (RCF), the UKEF, overdrafts and unsecured senior loan notes issued in the US private placement market (USPP). Cash and cash equivalents include cash at bank and in hand and short-term bank deposits. A reconciliation of net debt excluding leases to net debt including leases is shown in note 15 to the financial statements.

**Note 8:** The majority of the Group's borrowings have financial covenants (RCF, USPP, UKEF – as shown in note 6). The two covenant measures are currently: (i) net debt to adjusted EBITDA not exceeding 4.5 times (reverting to 3.5 times from June 2023 onwards), (ii) adjusted EBITA not less than 3.5 times interest. These covenants are measured on 30 June and 31 December each year. The net debt / EBITDA ratio is calculated on the existing basis prior to the adoption of IFRS 16 in 2019 and is based on net debt excluding leases. The EBITDA for this calculation includes the contribution from Built Environment Consulting. These measures are presented as they closely aligned to the measure used in our financing covenants. See calculations on pages 24 and 25.

## CEO STATEMENT

### Overview

Our first half of the year saw strong momentum in activity levels and order book growth but more to do on cash generation. It is encouraging to see the operational momentum in our business, especially the growth in our Projects and Consulting order book, and this provides a good foundation as we strengthen the Group going forward.

### Financial performance in the half

Group revenue from continuing operations was flat with growth in Consulting, helped by an increased demand for our energy solutions, and strong growth in Operations supported by an improved market for oil and gas. As expected, revenue in Projects was lower as we continue to see the impact from our move away from large-scale projects and as customer investment has yet to fully pick up. We expect to grow revenue in the second half, with a return to growth expected in Projects.

Group adjusted EBITDA from continuing operations was down 5% with a robust performance in Consulting offset by a decline in Projects and Operations. The decline in Projects reflects the lower revenue while the decline in Operations was driven by an expected lower level of profit upside from contract completions this year and supply chain challenges in our Turbines joint ventures, which we expect to improve in the second half.

There was an exceptional pre interest and tax charge of \$11 million from continuing operations in the period (HY21: \$15 million) which mainly reflects restructuring costs and an asbestos credit.

There was a total free cash out flow of \$363 million, including a working capital outflow that was part seasonal but also reflects the continuing reduction in procurement activity from our decision to reduce exposure to lump sum EPC activity. Free cash flow was also impacted by the continued drags from exceptional cash flows. Returning the Group to delivering sustainable free cash flow is our top priority.

### Order book progress in the half

Our order book (continuing operations) at 30 June 2022 was \$6.4 billion, an increase of \$0.3 billion (5%) compared to June 2021.

This order book growth is against an improving backdrop across all of our end markets. Activity levels are high across conventional energy, and customer investment has started to recover from the low points of the Covid-19 pandemic. Demand for chemicals and minerals has been strong and we continue to see increasing demand across our business for solutions that address energy transition – from consulting solutions for carbon capture, to decarbonising industrial sites through to mining materials required to power electric vehicles.

At 30 June 2022, revenue in our order book (continuing operations) for the second half of 2022 was \$2,482 million, an increase of 9% compared to the prior year equivalent figure of \$2,281 million. This growth underpins our expectation of revenue growth in the second half of this year.

Significant contracts won so far this year include:

- A **10-year engineering & project support agreement with Chevron** that forms a global strategic partnership across offshore and onshore assets within the upstream, midstream and downstream markets. This agreement will generate work for Wood across all of our business units
- A **two-year EPCm contract with Solvay** to deliver a new polyvinylidene fluoride (PVDF) site in France. PVDF is a high-performance polymer that is key to meeting growing demand for lithium-ion batteries for electric and hybrid vehicles. Once complete, this will be the largest PVDF production site in Europe
- A **five-year contract with Essec** to deliver engineering, procurement and construction services including site upgrades and modifications
- A **major contract extension with Equinor** to continue to provide maintenance, modifications and operations solutions to their assets in the Norwegian Continental Shelf in the North Sea to 2026
- A **four-year EPCm contract with INEOS worth over \$100 million** for work on an ethane cracker following the successful completion of the FEED for the facility by Wood

- **Two contracts with Enter Engineering worth over \$200 million** to deliver major capital investment projects in Uzbekistan

### **Continued de-risking of our contract portfolio**

Across the Group, the proportion of revenue for continuing operations from cost reimbursable contracts increased from 75% in HY21 to 80% in the period, with the remainder of our portfolio being lump sum (fixed price).

Of the 20% of revenue from fixed price contracts, c.5% related to fixed price consultancy work and c.12% related to limited scope lump sum projects, primarily in our Process and Chemicals markets. The amount of lump sum turnkey (LSTK) revenue was around \$80 million in the first half of this year, representing around 3% of Group revenue (FY21: c.6%).

We have some historical loss-making contracts remaining in our portfolio though they are at a mature stage. The most notable contract is Aegis Poland which we expect to conclude in the second half though final settlement will take longer to close.

This focus on contract risk is particularly relevant with the inflationary and supply pressures seen across the world today. We limit our exposure to these risks through various contract terms, including inflation clauses and back-to-back contracts for raw materials supply.

### **Progress on our ESG priorities**

In 2021 we made progress against our targets that are aligned to the UN Sustainable Development Goals. Most notably we delivered a 56% reduction in scope 1 and 2 carbon emissions compared to our baseline, in part due to reduced activity levels during the Covid pandemic, and we maintained our “AA” rating from MSCI for a seventh consecutive year.

Building on this, we made further progress on our ESG goals in the first half of 2022, including:

- Providing client support for energy transition across a broad range of projects
- Increasing female representation across our senior leadership to 34%
- Expanding pay equity reporting beyond gender, with voluntary disclosure to monitor ethnicity
- Embedding ‘Building Responsibly’ principles into our supply chain pre-qualification stages
- Rolling out our ‘More Than a Place’ initiative to help all employees be included in the work environment

### **Developing our refreshed strategy**

We are approaching the start of a new chapter for Wood following the sale of our Built Environment Consulting business, expected around the end of Q3. This transaction will reset our balance sheet and restore our financial flexibility.

We are updating our strategy, based on the strong foundations of Wood. We have outstanding technical expertise and people, performing complex work in critical industries. We have long-term client relationships, many built over decades, and we have the unique consulting and engineering skills that are critical to solving the global challenges of energy security, reducing carbon intensity and energy transition. In addition to this, we have the skills to help with the supply of the materials to meet these challenges, from chemicals through to minerals processing.

While we have clear strengths and an exciting future ahead, there are some areas we need to improve upon and at pace.

Over the last few years, we have not delivered value for our shareholders. The challenging market backdrop of lower customer investment and the Covid pandemic is part of the reason behind our performance, but this was exacerbated by company-specific issues:

- Insufficient discipline in project selection, leading to inconsistent financial outcomes
- High levels of restructuring, both in quantity and financial costs
- A series of legacy issues

These issues, combined with the market challenges, led to a lack of cash generation, a stretched balance sheet and a failure to meet financial expectations.

### **Our near-term priorities**

While we work on our updated strategy and on addressing these issues over time, we are focused in the near-term on these priorities:

- **1) Complete the sale of Built Environment Consulting.** We expect to complete this transaction around the end of the third quarter of this year.
- **2) Strengthen our balance sheet and restore financial flexibility.** The net cash proceeds of the sale will significantly strengthen our balance sheet and restore the Group's financial flexibility. We target a net debt / EBITDA range (excluding leases) of 0.5 times to 1.5 times and will consider the best use of capital over the medium term, with a particular focus on ways to improve the sustainable free cash flow generation of the Group.
- **3) Focus on our culture and energise our people.** We have started a Group-wide programme of engagement to energise our people as we position the Group for its next chapter.
- **4) Define our priority markets and growth areas.** We will focus on areas that best utilise our skilled people and engineering expertise. We have a strong track record in the energy industry, from oil and gas through to energy transition, and our experiences and skills here are highly relevant in many other sectors including chemicals, minerals and life sciences. In the latter, we have already accelerated our position with a series of senior-level hires so far in 2022.
- **5) Improve operational delivery and consistency.** We implemented a new operating model at the end of Q3 2020, moving to three global business units: Consulting, Projects and Operations. We will be keeping this structure and work is now focused on driving focus and selectivity in the work we take on and further improvements in our delivery.
- **6) Address our remaining legacy issues.** Our legacy issues, compounded by the Covid-19 pandemic, continue to hold the Group back by creating significant cash flow drags each year. These include the SFO settlement, the asbestos liability, contract losses, and litigation claims. The disposal of Built Environment Consulting will provide significant proceeds for the Group and most importantly solve our most significant issue – persistently high net debt. Beyond this, we are exploring opportunities to remove or reduce other legacy issues, for example through the pay down of the SFO settlement and removing the asbestos liability. We will provide more details of our approach to capital allocation at our capital markets day.

We believe that addressing these priorities above, combined with the backdrop of market growth and demand for our engineering solutions and people, will lead to a return to delivering sustainable free cash flow over the medium term.

### **Outlook for the year**

As stated previously, we expect higher revenue across our business this year, supported by our order book, and an improved performance in the second half, helped by an improvement in our Turbines joint ventures as supply chain challenges reduce.

Our guidance for FY22 is:

- Revenue between \$5.2 billion and \$5.5 billion
- Adjusted EBITDA between \$370 million and \$400 million

## **ADDITIONAL INFORMATION**

### **Executive Leadership Team changes**

Robin Watson retired as CEO on 1 July 2022 and was succeeded by Ken Gilmartin. In addition to this:

- Jennifer Richmond joined as Executive President of Strategy and Development in April 2022
- Azad Hessamodini took over as Executive President of Consulting in June 2022
- Craig Shanaghey took over as Executive President of Operations in July 2022

### **Sale of Built Environment Consulting**

On 1 June 2022, we announced that we had signed an agreement for the sale of our Built Environment Consulting business to WSP Global for an enterprise value of \$1.81 billion, representing an EV multiple of 16x (including expected standalone costs).

Good progress has been made towards completion and we expect this transaction to complete around the end of Q3 of this year, subject to the remaining regulatory approvals. Shareholder approval has been received.

The net cash proceeds from this sale are expected to be around \$1.62 billion after estimated working capital adjustments, tax costs and transaction costs. The immediate use of proceeds will be to reduce the Group's net debt.

### **Future events**

We will hold a Capital Markets Day on 29th November 2022 to outline our strategy in detail.



## BUSINESS REVIEWS

The business reviews are presented below. All amounts are from continuing operations with the exception of Built Environment Consulting, which is presented as a discontinued operation.

### CONSULTING (continuing operations)<sup>1</sup>

|                              | <b>HY22</b>  | HY21  | Movement  | FY21  |
|------------------------------|--------------|-------|-----------|-------|
|                              | <b>\$m</b>   | \$m   | %         | \$m   |
| Revenue                      | <b>303</b>   | 297   | 2.0%      | 599   |
| Adjusted EBITDA <sup>2</sup> | <b>39</b>    | 39    | -         | 77    |
| Adjusted EBITDA margin       | <b>12.9%</b> | 13.1% | (0.2)ppts | 12.9% |
| Order book                   | <b>555</b>   | 480   | 15.6%     | 535   |
| Headcount <sup>3</sup>       | <b>3,700</b> | 3,000 | 23.3%     | 3,100 |

1. Built Environment Consulting now treated as a discontinued operation and comparatives has been restated. See note 1 on page 4

2. Adjusted EBITDA includes \$nil million from JVs (HY21: \$0.2 million)

3. Shown to the nearest 100 employees, growth calculated on this basis

### Financial review

Revenue grew by 2% to \$303 million, with particularly strong growth across our energy consulting solutions, both in conventional energy and energy transition.

Adjusted EBITDA was broadly flat given the small contraction in margin. The main drivers for the lower margin were a shift in mix, with less high margin work in Russia as we exit the country, and a weaker performance in Applied Intelligence. Margins across our Energy solutions were robust. We also saw some costs pressure from staff retention and recruitment in the period.

The order book at 30 June 2022 was up 16% on last year to \$555 million, driven by both conventional energy and energy transition solutions.

At 30 June 2022, revenue in our order book for delivery in the second half of 2022 was \$305 million, up 25% on the position at 30 June 2021.

### Operational review

Our Consulting business provides specialist engineering consulting, asset optimisation and applied intelligence solutions across a range of markets including energy.

Growth in the period was highest across conventional energy, especially in specialised engineering and asset optimisation. We continue to see an increase in demand for consulting for decarbonisation opportunities for new and existing energy and industrial clients. These solutions include blue hydrogen, carbon capture and sustainable gas production from biomass. Total client wins across energy transition and decarbonisation solutions in the first half were worth over \$50 million.

Contracts wins so far this year include:

- Integrated project management for TPAO for Sakarya natural gas development
- Technology upgrade of a hydrogen steam methane reformer in Equatorial Guinea
- FEED award to modernise controls systems for two key gas plants in the UK
- Feasibility study for chemicals derivative facility in Abu Dhabi

### Outlook for the year

We expect strong revenue growth for the full year given the increase in our order book.

## PROJECTS

|                               | <b>HY22</b><br><b>\$m</b> | HY21<br>\$m | <i>Movement</i><br>% | FY21<br>\$m |
|-------------------------------|---------------------------|-------------|----------------------|-------------|
| Revenue                       | <b>990</b>                | 1,168       | (15.2)%              | 2,340       |
| Adjusted EBITDA <sup>1</sup>  | <b>81</b>                 | 88          | (8.0)%               | 168         |
| <i>Adjusted EBITDA margin</i> | <b>8.2%</b>               | 7.5%        | 0.7ppts              | 7.2%        |
| Order book                    | <b>2,128</b>              | 1,712       | 24.3%                | 1,807       |
| Headcount <sup>2</sup>        | <b>13,100</b>             | 11,800      | 11.0%                | 12,300      |

1. Adjusted EBITDA includes \$2.2 million from JVs (HY21: \$0.7 million). Revenue does not include any contribution from JVs

2. Shown to the nearest 100 employees, growth calculated on this basis

### Financial review

Revenue was 15% lower at \$990 million, reflecting the impact of the subdued market for large-scale investment and the impact of our move away from large-scale fixed price work that no longer meets our risk appetite, offset to some extent by growth in our service-led revenue led by our headcount growth.

Adjusted EBITDA was 8% lower with an improved margin to 8.2%. The higher margin reflects an improved performance across our contract portfolio, including a low level of losses in our North American lump sum turn key renewables EPC projects, and an improved mix of work with reduced lower margin procurement services.

The order book at 30 June 2022 was up 24% on last year to \$2,128 million, driven by growth across the majority of our end markets, particularly conventional energy and chemicals.

At 30 June 2022, revenue in our order book for delivery in the second half of 2022 was \$1,146 million, up 19% on the position at 30 June 2021.

### Operational review

Our Projects business mainly provides complex engineering design and project management across energy and materials markets including oil and gas, chemicals, mining and minerals and life sciences.

The conventional energy market continues to recover from lower levels of investment in recent years, with the first major pick up seen in the Middle East. We expect customer investment levels to continue to rise, as shown by the growth in our order book. This order book growth has also been helped by customer demand to support the energy transition and sustainable production, and an increase in demand for minerals across the world.

Our increase in headcount reflects our move towards a more service-led business, with a greater proportion of engineering design and EPCm scopes and less EPC contracts. Linked to our move away from EPC scopes, our work on renewables EPC continues to reduce as some legacy lump sum turnkey contracts in solar and wind, signed a few years ago, are coming to an end. We now have a smaller portfolio of EPC work, focused on where we have the geographical presence and client relationships, for example the work we are doing with Chevron to decarbonise one of their sites through the supply of solar power.

Contracts wins so far this year include:

- EPCm contract worth more than \$100m to deliver Europe's lowest carbon ethane cracker for INEOS
- FEED and detailed design contract from Enter Engineering to deliver world's largest copper concentrator
- EPCm contract with Evonik in Alabama to support the production of sustainable animal feed

### Outlook for the year

We expect revenue growth in the second half of the year, supported by our higher order book.

## OPERATIONS

|                               | <b>HY22</b><br><b>\$m</b> | HY21<br>\$m | <i>Movement</i><br>% | FY21<br>\$m |
|-------------------------------|---------------------------|-------------|----------------------|-------------|
| Revenue                       | <b>1,177</b>              | 999         | 17.8%                | 2,098       |
| Adjusted EBITDA <sup>1</sup>  | <b>94</b>                 | 107         | (12.1)%              | 225         |
| <i>Adjusted EBITDA margin</i> | <b>8.0%</b>               | 10.7%       | (2.7)ppts            | 10.7%       |
| Order book                    | <b>3,584</b>              | 3,812       | (6.0)%               | 3,630       |
| Headcount <sup>2</sup>        | <b>15,800</b>             | 15,500      | 1.9%                 | 15,200      |

1. Adjusted EBITDA includes \$20.2 million from JVs (HY21: \$23.1 million). Revenue does not include any contribution from JVs

2. Shown to the nearest 100 employees, growth calculated on this basis

### Financial review

Revenue grew by 18% to \$1,177 million reflecting higher activity from stronger market conditions in conventional energy, especially in Europe, the Middle East and Asia-Pacific. Revenue growth was particularly strong in parts of the business with higher levels of pass-through revenue.

Adjusted EBITDA was 12% lower given the contraction in margin to 8.0%. The reduction in adjusted EBITDA primarily relates to three factors: (i) a lower level of closing out contract obligations in the half compared to last year, (ii) higher pass-through revenue, and (iii) a lower contribution from our Turbines joint ventures of \$18.5 million (HY21: \$22.2 million), reflecting some supply chain issues.

The order book at 30 June 2022 was down 6% on last year to \$3,584 million, reflecting the phasing of awards.

At 30 June 2022, revenue in our order book for delivery in the second half of 2022 was \$960 million, down 4% on the position at 30 June 2021.

### Operational review

Our Operations business manages and optimises our customers' assets including decarbonisation, maintenance, modifications, brownfield engineering, asset management through to decommissioning.

Growth in the period was led by higher activity levels across conventional energy across the world and across customers. Further helping performance was a return to pre-Covid levels of activity in Iraq and PNG.

Contracts wins so far this year include:

- 3-year extension to our maintenance, modifications and operations framework agreement with Equinor
- Contract extension with Basra Gas Company in Iraq, including repurposing flare gas to reduce emissions
- Contract renewal for maintenance and operations solutions to Florida Power & Light

### Outlook for the year

Revenue is expected to grow for the full year. EBITDA in FY22 is expected to see a smaller benefit from contract close outs than in FY21, which particularly impacted the first half of the year.

EBITDA performance in the second half is expected to be helped by an improved performance in our Turbines joint ventures as supply chain challenges reduce.

## INVESTMENT SERVICES

|                               | <b>HY22<br/>\$m</b> | HY21<br>\$m   | <i>Movement<br/>%</i> | FY21<br>\$m |
|-------------------------------|---------------------|---------------|-----------------------|-------------|
| Revenue                       | <b>91</b>           | 107           | <i>(15.0)%</i>        | 201         |
| Adjusted EBITDA <sup>1</sup>  | <b>9</b>            | (8)           | <i>n/a</i>            | 11          |
| <i>Adjusted EBITDA margin</i> | <b>9.9%</b>         | <i>(7.5)%</i> | <i>17.4ppts</i>       | 5.5%        |
| Order book                    | <b>157</b>          | 130           | <i>20.8%</i>          | 120         |
| Headcount <sup>2</sup>        | <b>500</b>          | 600           | <i>(16.7)%</i>        | 400         |

1. Adjusted EBITDA includes \$nil million from JVs (HY21: \$nil million)

2. Shown to the nearest 100 employees, growth calculated on this basis

Our Investment Services business unit manages a number of legacy activities and liabilities. The most notable areas are activities in industrial power and heavy civil engineering. In addition to this, the results of our Aegis Poland contract, which is managed through our Projects business unit, are reported within Investment Services.

Investment Services generated revenue of \$91 million and adjusted EBITDA has moved from a loss in HY21 to a \$9 million contribution in HY22. This includes an improved performance across our businesses as well a benefit from the accounting for losses in our Aegis contract. These losses (\$9 million in HY21) were included in Investment Services' underlying EBITDA in HY21 and were subsequently treated as exceptional.

We continue to make operational progress on the Aegis Poland contract and expect the project to be operationally complete in the second half of this year, as previously communicated.

## CENTRAL COSTS

|                 | <b>HY22<br/>\$m</b> | HY21<br>\$m | <i>Movement<br/>%</i> | FY21<br>\$m |
|-----------------|---------------------|-------------|-----------------------|-------------|
| Adjusted EBITDA | <b>(38)</b>         | (32)        | <i>(18.8)%</i>        | (77)        |

Central costs, not allocated to business units, increased from \$32 million to \$38 million in the period.

### Outlook for the year

We expect central costs for the FY22 year to be higher than the \$77 million in FY21 given that the prior year benefited from a one-off gain on the sale of property of \$11 million.

**BUILT ENVIRONMENT CONSULTING (discontinued operation)**

The results of Built Environment Consulting are treated as a discontinued operation and as such revenue and adjusted EBITDA are excluded from our results. We provide the table below for reference only.

|                               | <b>HY22</b><br><b>\$m</b> | HY21<br>\$m | Movement<br>% | FY21<br>\$m |
|-------------------------------|---------------------------|-------------|---------------|-------------|
| Revenue                       | <b>596</b>                | 581         | 2.6%          | 1,188       |
| Adjusted EBITDA <sup>1</sup>  | <b>65</b>                 | 67          | (3.0)%        | 150         |
| <i>Adjusted EBITDA margin</i> | <b>10.9%</b>              | 11.5%       | (0.6)ppts     | 12.6%       |
| Order book                    | <b>1,753</b>              | 1,553       | 12.9%         | 1,656       |

1. Adjusted EBITDA includes \$nil million from JVs (HY21: \$nil million)

**Group results including discontinued activities:**

|                               | <b>HY22</b><br><b>\$m</b> | HY21<br>\$m | Movement<br>% | FY21<br>\$m |
|-------------------------------|---------------------------|-------------|---------------|-------------|
| Revenue                       | <b>3,157</b>              | 3,150       | 0.2%          | 6,426       |
| Adjusted EBITDA <sup>1</sup>  | <b>250</b>                | 262         | (4.6)%        | 554         |
| <i>Adjusted EBITDA margin</i> | <b>7.9%</b>               | 8.3%        | (0.4)ppts     | 8.6%        |
| Order book                    | <b>8,176</b>              | 7,687       | 6.4%          | 7,748       |

## Financial Review

### Trading performance

Trading performance is presented in line with how it is used by management to run the business with adjusted EBITDA including the contribution from joint ventures. A reconciliation of operating profit to adjusted EBITDA is included in note 2 to the financial statements. A calculation of adjusted diluted EPS is shown on page 41.

|                                                                                                        | HY22           | HY21<br>(*restated) | FY21<br>(*restated) |
|--------------------------------------------------------------------------------------------------------|----------------|---------------------|---------------------|
|                                                                                                        | \$m            | \$m                 | \$m                 |
| <b><u>Continuing operations</u></b>                                                                    |                |                     |                     |
| <b>Revenue</b>                                                                                         | <b>2,552.9</b> | 2,569.7             | 5,212.3             |
| <b>Revenue (pre exceptional items)**</b>                                                               | <b>2,560.9</b> | 2,569.7             | 5,237.7             |
| <b>Adjusted EBITDA<sup>1</sup></b>                                                                     | <b>184.8</b>   | 194.9               | 404.3               |
| <b>Adjusted EBITDA margin %</b>                                                                        | <b>7.2%</b>    | 7.6%                | 7.7%                |
| Depreciation (pre-IFRS 16)                                                                             | (14.2)         | (17.3)              | (35.1)              |
| Depreciation on right of use asset (IFRS 16)                                                           | (43.6)         | (43.4)              | (85.9)              |
| Impairment of PPE and right of use assets                                                              | (0.4)          | -                   | (5.3)               |
| Amortisation - software and system development                                                         | (45.7)         | (44.8)              | (90.8)              |
| Amortisation - intangible assets from acquisitions                                                     | (35.0)         | (39.5)              | (78.3)              |
| <b>Adjusted EBIT</b>                                                                                   | <b>45.9</b>    | 49.9                | 108.9               |
| Tax and interest charges on joint ventures included within operating profit but not in adjusted EBITDA | (5.2)          | (4.9)               | (15.3)              |
| <b>Operating profit before exceptional items</b>                                                       | <b>40.7</b>    | 45.0                | 93.6                |
| Exceptional items                                                                                      | (11.0)         | (15.3)              | (155.7)             |
| <b>Operating profit/(loss)</b>                                                                         | <b>29.7</b>    | 29.7                | (62.1)              |
| Net finance expense                                                                                    | (53.7)         | (38.9)              | (92.2)              |
| Interest charge on lease liability                                                                     | (7.5)          | (9.2)               | (17.7)              |
| <b>Loss before tax</b>                                                                                 | <b>(31.5)</b>  | (18.4)              | (172.0)             |
| Taxation                                                                                               | 32.0           | (23.8)              | (41.5)              |
| <b>Profit/(loss) for the period, continuing operations</b>                                             | <b>0.5</b>     | (42.2)              | (213.5)             |
| <b><u>Discontinued operation</u></b>                                                                   |                |                     |                     |
| Profit from discontinued operations, net of tax                                                        | 88.4           | 30.8                | 78.0                |
| <b>Profit/(loss) for the period</b>                                                                    | <b>88.9</b>    | (11.4)              | (135.5)             |
| Basic EPS (cents)                                                                                      | 13.0c          | (1.7)c              | (20.6)c             |
| <b>Adjusted diluted EPS (cents)<sup>2</sup></b>                                                        | <b>5.7c</b>    | 8.9c                | 17.5c               |
| <b>Basic EPS (cents) (continuing)</b>                                                                  | <b>0.0</b>     | (6.3)c              | (32.2)c             |
| <b>Adjusted diluted EPS (cents)<sup>2</sup> (continuing)</b>                                           | <b>(2.4)c</b>  | 2.2c                | 2.1c                |

In the table above depreciation, amortisation and exceptional items include the contribution from joint ventures.

\*The comparative information has been restated due to a discontinued operation outlined in note 6 of the financial statements.

\*\* Revenue for HY22 and FY21 includes an exceptional item of \$(8.0) million (FY21 \$(25.4) million) related to contract losses in respect of the closure of the Power and Industrials EPC business. In FY21 the exceptional item related to Aegis Poland. Revenue (pre-exceptional items) is an APM that is used throughout this Report as the Group believes it provides a more useful measure of performance.

The review of our trading performance is contained within the CEO statement on page 5.

### Amortisation and depreciation for continuing operations

Total amortisation for the first half of 2022 of \$80.7 million (June 2021: \$84.3 million) includes \$34.2 million of amortisation of intangibles recognised on the acquisition of Amec Foster Wheeler in 2017 ("AFW") (June 2021: \$37.8 million) and \$0.8 million (June 2021: \$1.7 million) of amortisation relating to intangible assets arising from prior year acquisitions. Amortisation in respect of software and development costs was \$45.7 million (June 2021: \$44.8 million) largely relating to engineering software and ERP system development. Included in the amortisation charge for the year above is \$0.8 million (June 2021: \$0.9 million) in respect of joint ventures.

The total depreciation charge in the first half of 2022 amounted to \$57.8 million (June 2021: \$60.7 million) and includes depreciation on right of use assets of \$43.6 million (June 2021: \$43.4 million).

### Net finance expense and debt for continuing operations

|                                                                                              | <b>HY22</b>  | <b>HY21</b> | <b>FY21</b> |
|----------------------------------------------------------------------------------------------|--------------|-------------|-------------|
|                                                                                              | <b>\$m</b>   | <b>\$m</b>  | <b>\$m</b>  |
| Interest on bank borrowings                                                                  | <b>22.9</b>  | 14.1        | 32.8        |
| Interest on US Private Placement debt                                                        | <b>26.1</b>  | 18.1        | 35.9        |
| Discounting relating to asbestos, deferred consideration and other liabilities               | <b>3.6</b>   | 3.2         | 6.4         |
| Other interest, fees and charges                                                             | <b>4.0</b>   | 9.3         | 20.4        |
| <b>Total finance expense excluding joint ventures and interest charge on lease liability</b> | <b>56.6</b>  | 44.7        | 95.5        |
| Finance income relating to defined benefit pension schemes                                   | <b>(0.4)</b> | (0.3)       | (0.2)       |
| Other finance income                                                                         | <b>(2.5)</b> | (5.5)       | (3.1)       |
| <b>Net finance expense</b>                                                                   | <b>53.7</b>  | 38.9        | 92.2        |
| Interest charge on lease liability                                                           | <b>7.5</b>   | 9.2         | 17.7        |
| Net finance charges in respect of joint ventures                                             | <b>2.1</b>   | 1.8         | 3.6         |
| <b>Net finance expense including joint ventures (from continuing operations)</b>             | <b>63.3</b>  | 49.9        | 113.5       |

Interest cover, see note 5 on page 25, was 3.9 times (June 2021: 5.5 times) against our covenant of 3.5 times.

Interest on bank borrowings of \$22.9 million (June 2021: \$14.1 million) primarily relates to interest charged under the \$1.2 billion revolving credit facility ('RCF') which matures in October 2026 and the \$600 million United Kingdom Export Facility ('UKEF') which matures in July 2026. The increase in interest on bank borrowings is primarily driven by increased net debt and higher prevailing interest rates.

The Group also has \$801.2 million of unsecured loan notes issued in the US private placement market and mature at varying dates between 2022 and 2031, of which \$35 million matures in July 2022 and the remainder is weighted towards later dates. Interest is payable at an average rate of 6.5% on these loan notes. The interest charge on US Private Placement debt increased by \$8.0 million to \$26.1 million in June 2022 primarily due to the covenant waiver which led to an additional charge of \$5 million. In addition, because net debt: adjusted EBITDA exceeded 2.5 times there was an additional charge of \$2.7 million, of which \$1.3 million related to the second half of 2021. Following the expected disposal of the Built Environment Consulting business in 2022, net debt: adjusted EBITDA is expected to be below 2.5 times which will lead to the average rate of 6.5% reverting back to around 4.4% in 2023.

In total, the Group had undrawn facilities of \$843.4 million at 30 June 2022.

The Group recognised interest costs in relation to lease liabilities of \$7.5 million (June 2021: \$9.2 million) which relates to the unwinding of discount on the IFRS 16 lease liability.

The unwinding of discount on the asbestos provision is \$2.8 million (June 2021: \$2.8 million) and includes the unwinding of discount on long-term asbestos receivables.

## Exceptional items

|                                                                                     | HY22<br>\$m   | HY21<br>\$m | FY21<br>\$m  |
|-------------------------------------------------------------------------------------|---------------|-------------|--------------|
| Aegis contract loss (revenue)                                                       | -             | -           | 25.4         |
| Aegis contract loss (cost of sales)                                                 | -             | -           | 73.9         |
| Power and Industrial EPC losses (revenue)                                           | 8.0           | -           | -            |
| Power and Industrial EPC losses (cost of sales)                                     | 12.3          | -           | -            |
| Gain on divestment of business                                                      | -             | (14.6)      | (14.4)       |
| Redundancy, restructuring and integration costs                                     | 15.3          | 38.3        | 73.9         |
| Investigation support costs and provisions                                          | (2.8)         | -           | -            |
| Asbestos yield curve and costs                                                      | (21.8)        | (8.4)       | (3.1)        |
| <b>Exceptional items included in continuing operations, before interest and tax</b> | <b>11.0</b>   | <b>15.3</b> | <b>155.7</b> |
| Unwinding of discount on asbestos provision                                         | 2.8           | 2.8         | 6.3          |
| Tax credit in relation to exceptional items                                         | (4.6)         | (1.8)       | (1.2)        |
| Impact of change in UK rate on prior year exceptional deferred tax                  | -             | 10.9        | 10.3         |
| Recognition of deferred tax assets due to UK pension actuarial movements            | (59.6)        | -           | -            |
| <b>Continuing exceptional items, net of interest and tax</b>                        | <b>(50.4)</b> | <b>27.2</b> | <b>171.1</b> |

During the period to 30 June 2022, \$15.3 million was incurred in relation to redundancy, restructuring and integration. These relate to the Group wide Future Fit Programme which was set up to accelerate the Group's strategic priorities to unlock growth, deliver efficiency and create value.

The Power and Industrial EPC losses relates to events in 2022 which resulted in a further write down of fixed price contracts in the Power and Industrial EPC business, following the strategic decision to exit this market during 2021. By virtue of its size and nature of these projects being within a sector that the Group no longer operates, this was recorded as an exceptional charge through revenue and cost of sales. The negative revenue of \$8.0 million represents the impact of a reduction in total value of the contract and is in relation to revenue recognised in prior years.

All asbestos costs are treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are out with the Group's control. Excluding these charges from the trading results improves the understandability of the underlying trading performance of the Group. The credit of \$21.8 million in 2022 relates to a \$23.8 million yield curve credit (2021: \$9.6 million) and \$2.0 million (2021: \$1.2 million) of costs in relation to managing the claims. The 30-year US Treasury rate has increased to 3.14% from 1.9% at the end of December 2021 and led to the income statement credit. \$2.8 million of interest costs which relate to the unwinding of discount on the asbestos provision are shown as exceptional.

An exceptional tax credit of \$64.2 million (June 2021: \$9.1 million charge) has been recorded in continuing operations during the period. It consists of a tax credit of \$4.6 million on exceptional items (June 2021: \$1.8 million) and an exceptional credit of \$59.6 million recognised due to the actuarial gain in relation to the UK defined benefit pension scheme. As deferred tax liabilities support the recognition of deferred tax assets, the additional \$59.6 million of deferred tax assets have been recognised through exceptional items based on its size.



## Taxation

The effective tax rate on profit before tax, exceptional items and amortisation and including Wood's share of joint venture profit on a proportionally consolidated basis is set out below, together with a reconciliation to the tax charge in the income statement.

|                                                                                                   | HY22<br>\$m   | HY21<br>\$m  | FY21<br>\$m  |
|---------------------------------------------------------------------------------------------------|---------------|--------------|--------------|
| Loss from continuing operations before tax                                                        | (31.5)        | (18.4)       | (172.0)      |
| Profit from discontinued operations before tax                                                    | 41.9          | 36.8         | 91.4         |
| Tax charge in relation to joint ventures                                                          | 3.1           | 3.1          | 11.7         |
| Amortisation                                                                                      | 79.9          | 94.7         | 189.9        |
| Exceptional items (continuing operations)                                                         | 13.8          | 18.1         | 162.0        |
| Exceptional items (discontinued operations)                                                       | 22.1          | 2.7          | 4.0          |
| <b>Profit for the period before tax, exceptional items and amortisation</b>                       | <b>129.3</b>  | <b>137.0</b> | <b>287.0</b> |
| Effective tax rate on profit for the period (excluding tax on exceptional items and amortisation) | 33.7%         | 24.1%        | 26.4%        |
| Tax charge (excluding tax on exceptional items and amortisation)                                  | 43.6          | 33.1         | 75.7         |
| Tax charge in relation to joint ventures                                                          | (3.1)         | (3.1)        | (11.7)       |
| Tax (credit)/charge in relation to exceptional items (continuing operations)                      | (4.6)         | 9.1          | 9.1          |
| Recognition of deferred tax assets due to UK pension actuarial movements                          | (59.6)        | -            | -            |
| Tax credit in relation to amortisation                                                            | (1.8)         | (9.3)        | (18.2)       |
| Tax charge on discontinued operations                                                             | (6.5)         | (6.0)        | (13.4)       |
| <b>Tax (credit)/charge from continuing operations per the income statement</b>                    | <b>(32.0)</b> | <b>23.8</b>  | <b>41.5</b>  |

The taxation charge, including profits from joint ventures, for the six months ended 30 June 2022 is 33.7% (June 2021: 24.1%) which is the anticipated effective rate on profit before taxation, exceptional items and amortisation for the year ending 31 December 2022. The key factors driving the rate which may result in the rate differing at the year-end are the accessible losses anticipated for use against the Built Environment Consulting business disposal and the impact of actuarial adjustments to the UK pension scheme increasing or reducing the deferred tax liabilities which support deferred tax asset recognition.

## Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of adjusted diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, only when there is a profit per share. Adjusted diluted earnings per share is disclosed to show the results excluding the impact of exceptional items and amortisation related to acquisitions, net of tax.

|                                                                               | Unaudited Interim<br>June 2022 |                                 |             | Unaudited Interim<br>June 2021         |                                          |                     | Audited Full Year<br>December 2021     |                                          |                     |
|-------------------------------------------------------------------------------|--------------------------------|---------------------------------|-------------|----------------------------------------|------------------------------------------|---------------------|----------------------------------------|------------------------------------------|---------------------|
|                                                                               | Continuing<br>operations       | Dis-<br>continued<br>operations | Total       | Continuing<br>operations<br>(restated) | Discontinued<br>operations<br>(restated) | Total<br>(restated) | Continuing<br>operations<br>(restated) | Discontinued<br>operations<br>(restated) | Total<br>(restated) |
|                                                                               | \$m                            | \$m                             | \$m         | \$m                                    | \$m                                      | \$m                 | \$m                                    | \$m                                      | \$m                 |
| Earnings/(losses) attributable to equity shareholders (basic pre-exceptional) | (50.3)                         | 57.5                            | 7.2         | (15.4)                                 | 33.5                                     | 18.1                | (46.4)                                 | 82.0                                     | 35.6                |
| Exceptional items, net of tax                                                 | 50.4                           | 30.9                            | 81.3        | (27.2)                                 | (2.7)                                    | (29.9)              | (171.1)                                | (4.0)                                    | (175.1)             |
| Earnings/(losses) attributable to equity shareholders (basic)                 | 0.1                            | 88.4                            | 88.5        | (42.6)                                 | 30.8                                     | (11.8)              | (217.5)                                | 78.0                                     | (139.5)             |
| Number of shares (basic)                                                      | 678.8                          | 678.8                           | 678.8       | 673.9                                  | 673.9                                    | 673.9               | 675.6                                  | 675.6                                    | 675.6               |
| Number of shares (diluted)                                                    | 706.1                          | 706.1                           | 706.1       | 673.9                                  | 673.9                                    | 673.9               | 675.6                                  | 675.6                                    | 675.6               |
| <b>Basic earnings per share (cents)</b>                                       | <b>0.0</b>                     | <b>13.0</b>                     | <b>13.0</b> | <b>(6.3)</b>                           | <b>4.6</b>                               | <b>(1.7)</b>        | <b>(32.2)</b>                          | <b>11.6</b>                              | <b>(20.6)</b>       |
| <b>Diluted earnings per share (cents)</b>                                     | <b>0.0</b>                     | <b>12.5</b>                     | <b>12.5</b> | <b>(6.3)</b>                           | <b>4.6</b>                               | <b>(1.7)</b>        | <b>(32.2)</b>                          | <b>11.6</b>                              | <b>(20.6)</b>       |
| Earnings/(losses) attributable to equity shareholders (diluted)               | 0.1                            | 88.4                            | 88.5        | (42.6)                                 | 30.8                                     | (11.8)              | (217.5)                                | 78.0                                     | (139.5)             |
| Exceptional items, net of tax                                                 | (50.4)                         | (30.9)                          | (81.3)      | 27.2                                   | 2.7                                      | 29.9                | 171.1                                  | 4.0                                      | 175.1               |
| Amortisation of intangibles on acquisition, net of tax                        | 33.2                           | -                               | 33.2        | 30.3                                   | 11.2                                     | 41.5                | 60.8                                   | 21.9                                     | 82.7                |
| Earnings/(losses) attributable to equity shareholders (adjusted diluted)      | (17.1)                         | 57.5                            | 40.4        | 14.9                                   | 44.7                                     | 59.6                | 14.4                                   | 103.9                                    | 118.3               |
| Earnings/(losses) attributable to equity shareholders (adjusted basic)        | (17.1)                         | 57.5                            | 40.4        | 14.9                                   | 44.7                                     | 59.6                | 14.4                                   | 103.9                                    | 118.3               |
| Number of shares (diluted)                                                    | 706.1                          | 706.1                           | 706.1       | 673.9                                  | 673.9                                    | 673.9               | 675.6                                  | 675.6                                    | 675.6               |
| Number of shares (basic)                                                      | 678.8                          | 678.8                           | 678.8       | 673.9                                  | 673.9                                    | 673.9               | 675.6                                  | 675.6                                    | 675.6               |
| Adjusted diluted (cents)                                                      | (2.4)                          | 8.1                             | 5.7         | 2.2                                    | 6.7                                      | 8.9                 | 2.1                                    | 15.4                                     | 17.5                |
| Adjusted basic (cents)                                                        | (2.5)                          | 8.5                             | 6.0         | 2.2                                    | 6.7                                      | 8.9                 | 2.1                                    | 15.4                                     | 17.5                |

Diluted earnings per share for the period was 12.5 cents per share (June 2021: 1.7 cents loss). The improvement to earnings per share is largely driven by an exceptional tax credit of \$117.2 million due to the actuarial movement in the UK defined benefit scheme and recognition of deferred tax assets relating to the United States, which is included within discontinued operations. Further details of these tax credits are explained within notes 4 and 6 of the financial statements.

Diluted earnings per share of 12.5 cents (June 2021: 1.7 cents loss) includes diluted earnings per share of 12.5 cents (June 2021: 4.6 cents) from discontinued operations.

## Dividend

Our priority is maintaining a strong balance sheet. Given the Group's current elevated levels of debt, the Board has decided not to recommend any dividends in relation to 2022.

The sale of the Built Environment Consulting business will transform our balance sheet and restore financial flexibility. The board recognises the importance of dividends to shareholders and will consider our approach to dividends in 2023 and beyond alongside other capital allocation options.

## Cash flow and net debt

The cash flow for the period is set out below and includes both continuing and discontinued operations:

|                                                                | Excluding<br>leases | Impact<br>of<br>Leases |                  | Excluding<br>leases | Impact<br>of<br>leases |                  |                  |
|----------------------------------------------------------------|---------------------|------------------------|------------------|---------------------|------------------------|------------------|------------------|
|                                                                | HY22                | HY22                   | HY22             | HY21                | HY21                   | HY21             | FY21             |
|                                                                | \$m                 | \$m                    | \$m              | \$m                 | \$m                    | \$m              | \$m              |
| <b>Adjusted EBITDA</b>                                         | <b>189.5</b>        | <b>60.5</b>            | <b>250.0</b>     | <b>194.2</b>        | <b>67.4</b>            | <b>261.6</b>     | <b>553.9</b>     |
| Less JV EBITDA                                                 | (19.5)              | (2.9)                  | (22.4)           | (20.7)              | (3.3)                  | (24.0)           | (60.7)           |
| JV dividends                                                   | 15.6                | -                      | 15.6             | 8.5                 | -                      | 8.5              | 26.3             |
| Decrease in provisions                                         | (73.7)              | -                      | (73.7)           | (59.3)              | -                      | (59.3)           | (75.6)           |
| Other                                                          | 14.6                | 1.2                    | 15.8             | 7.7                 | -                      | 7.7              | 14.0             |
| <b>Cash flow generated from operations pre working capital</b> | <b>126.5</b>        | <b>58.8</b>            | <b>185.3</b>     | <b>130.4</b>        | <b>64.1</b>            | <b>194.5</b>     | <b>457.9</b>     |
| Increase in receivables                                        | (31.7)              | -                      | (31.7)           | (66.6)              | -                      | (66.6)           | (70.1)           |
| Decrease in payables                                           | (159.5)             | -                      | (159.5)          | (107.8)             | -                      | (107.8)          | (163.2)          |
| Decrease in amounts due to customers and advance payments      | (10.1)              | -                      | (10.1)           | (61.1)              | -                      | (61.1)           | (72.7)           |
| (Increase)/decrease in inventories                             | (6.9)               | -                      | (6.9)            | (1.6)               | -                      | (1.6)            | 0.1              |
| <b>Working capital movements</b>                               | <b>(208.2)</b>      | <b>-</b>               | <b>(208.2)</b>   | <b>(237.1)</b>      | <b>-</b>               | <b>(237.1)</b>   | <b>(305.9)</b>   |
| Cash exceptionals                                              | (102.4)             | 8.0                    | (94.4)           | (46.5)              | 10.4                   | (36.1)           | (138.1)          |
| <b>Cash (used in)/generated from operations</b>                | <b>(184.1)</b>      | <b>66.8</b>            | <b>(117.3)</b>   | <b>(153.2)</b>      | <b>74.5</b>            | <b>(78.7)</b>    | <b>13.9</b>      |
| Capex and intangibles                                          | (57.2)              | -                      | (57.2)           | (40.6)              | -                      | (40.6)           | (92.8)           |
| Interest paid                                                  | (50.8)              | -                      | (50.8)           | (35.3)              | -                      | (35.3)           | (84.4)           |
| Tax paid                                                       | (29.2)              | -                      | (29.2)           | (41.1)              | -                      | (41.1)           | (73.5)           |
| Other                                                          | (42.0)              | -                      | (42.0)           | (10.0)              | 7.8                    | (2.2)            | 6.4              |
| Non-cash movement in leases                                    | -                   | (16.6)                 | (16.6)           | -                   | (40.4)                 | (40.4)           | (76.0)           |
| <b>Free cash flow</b>                                          | <b>(363.3)</b>      | <b>50.2</b>            | <b>(313.1)</b>   | <b>(280.2)</b>      | <b>41.9</b>            | <b>(238.3)</b>   | <b>(306.4)</b>   |
| Divestments                                                    | -                   | -                      | -                | 19.2                | -                      | 19.2             | 19.3             |
| <b>(Increase)/decrease in net debt</b>                         | <b>(363.3)</b>      | <b>50.2</b>            | <b>(313.1)</b>   | <b>(261.0)</b>      | <b>41.9</b>            | <b>(219.1)</b>   | <b>(287.1)</b>   |
| <b>Opening net debt</b>                                        | <b>(1,393.0)</b>    | <b>(449.8)</b>         | <b>(1,842.8)</b> | <b>(1,014.3)</b>    | <b>(541.4)</b>         | <b>(1,555.7)</b> | <b>(1,555.7)</b> |
| <b>Closing net debt</b>                                        | <b>(1,756.3)</b>    | <b>(399.6)</b>         | <b>(2,155.9)</b> | <b>(1,275.3)</b>    | <b>(499.5)</b>         | <b>(1,774.8)</b> | <b>(1,842.8)</b> |

Closing net debt at 30 June 2022 including leases was \$2,155.9 million (December 2021: \$1,842.8 million). The increased net debt is driven by a cash outflow from operations due to a large working capital outflow, large cash exceptionals and adverse movements in FX rates.

Included within the closing net debt is the IFRS 16 lease liability which is the present value of the lease payments that are not paid at the commencement date and subsequently increased by the interest cost and reduced by the lease payment made. The lease liability, as at 30 June 2022 was \$399.6 million (December 2021: \$449.8 million) and includes \$60.1 million of IFRS lease liabilities held for sale.

Net debt excluding leases at 30 June 2022 was \$1,756.3 million (December 2021: \$1,393.0 million). All covenants on the debt facilities are measured on a frozen GAAP basis and therefore exclude the impact of IFRS 16.

The monthly average net debt excluding leases during the period to June 2022 was \$1,962.3 million (June 2021: \$1,524.8 million). The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt excluding leases is typically lower than the monthly averages due to a combination of factors including a strong focus on collection of receipts from customers and the timing of payments to suppliers.

Net debt excluding leases to 12-month rolling adjusted EBITDA (excluding impact of IFRS 16) at 30 June was 4.17 times (December 2021: 3.33 times) against our covenant of 4.5 times (December 2021: 3.5 times). The covenant for net debt / EBITDA was temporarily amended to 4.5 times, from 3.5 times, for the June 2022 and December 2022 measurement dates and will revert back to 3.5 times for both covenants for June and December 2023.

Cash generated from operations pre working capital of \$185.3 million (June 2021: \$194.5 million) has reduced due to lower EBITDA in the period.

The working capital outflow was \$208.2 million compared to \$237.1 million in the period to June 2021 and with the outflow mainly driven by the decrease in payables of \$159.5 million. The reduction in payables is primarily driven by the high payables balance held at year end caused by high levels of procurement activity within the Projects business unwinding as cash in the period and not being offset by similar levels of procurement activity during the second quarter due to a strategic move away from contracts of this nature.

The Group uses a receivables financing facility of \$200.0 million. The amount utilised at 30 June 2022 was \$198.4 million (June 2021: \$198.4 million, December 2021: \$200.0 million). The facility is non-recourse to the Group and so is not included in our net debt.

Cash exceptionals increased to \$94.4 million during the period (June 2021: \$36.1 million) and is principally comprised of settlements in respect of the regulatory fines totalling around \$38 million, Aegis costs of around \$14 million, redundancy and restructuring costs of around \$5 million, payments in respect of legacy Power and Industrial EPC contracts of around \$11 million and payments in respect of the disposal of the Built Environment Consulting business of around \$9 million.

Payments for capex and intangible assets were \$57.2 million (June 2021: \$40.6 million), of which \$49.1 million (June 2021: \$35.0 million) related to intangibles expenditure and included software licences and expenditure on ERP systems across the Group.

Interest paid in the period increased to \$50.8 million (June 2021: \$35.3 million) and is due to higher prevailing interest rates and net debt during the period.

Tax paid in the period reduced to \$29.2 million (June 2021: \$41.1 million) and is due to tax payments which were deferred into 2021 from 2020 as a result of Covid allowances.

Other movements in net debt principally comprise of non-cash interest and prepaid debt facility costs of \$30.0 million (June 2021: \$1.9 million), movements in foreign exchange rates of \$11.8 million (June 2021: \$5.7 million) and other outflows of \$0.2 million (June 2021: \$5.4 million inflow), which mainly related to repayment of loans from joint ventures during the first half of 2021.

Cash from divestments in 2021 of \$19.2 million relates to the disposal of the Group's interest in Sulzer Wood Limited for a consideration of \$19.2 million.

### **Sources and uses of cash**

Cash used in operations in 2022 amounted to \$117.3 million (June 2021: \$78.7 million) and is largely driven by the working capital outflow and higher cash exceptionals, most of which was provided for in prior periods.

There are a number of risks associated with net cash flow from operations, including:

- Market risks, such as variability in commodity prices which impacts on activities by our customers;
- Project risks, which include delays and disputes which can influence our ability to collect cash from our customers; and

- Other risks, including the actions of governments and other third parties which can affect our ability to service our increasingly global customer base.

The Group remain committed to returning to a strong balance sheet. Our uses of cash include:

- Servicing and repayment of our debt facilities;
- Organic investment in the business, including capital expenditure;
- Potential returns to shareholders, including dividends; and
- Potential acquisitions.

## Summary Balance Sheet

|                                                           | <b>HY22</b><br><b>\$m</b> | <b>HY21</b><br><b>\$m</b> | <b>FY21</b><br><b>\$m</b> |
|-----------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| Goodwill and intangible assets                            | <b>4,905.7</b>            | 6,193.9                   | 6,075.3                   |
| Right of use assets                                       | <b>282.0</b>              | 389.2                     | 356.1                     |
| Other non-current assets                                  | <b>1,047.1</b>            | 919.2                     | 790.6                     |
| Trade and other receivables                               | <b>1,490.2</b>            | 1,771.7                   | 1,791.3                   |
| Net held for sale assets and liabilities (excluding cash) | <b>1,099.3</b>            | -                         | -                         |
| Trade and other payables                                  | <b>(1,630.2)</b>          | (2,038.7)                 | (1,998.6)                 |
| Net debt excluding leases                                 | <b>(1,756.3)</b>          | (1,275.3)                 | (1,393.0)                 |
| Lease liabilities                                         | <b>(339.5)</b>            | (499.5)                   | (449.8)                   |
| Provisions                                                | <b>(527.7)</b>            | (702.3)                   | (635.2)                   |
| Other net liabilities                                     | <b>(383.0)</b>            | (492.7)                   | (451.4)                   |
| <b>Net assets</b>                                         | <b>4,187.6</b>            | 4,265.5                   | 4,085.3                   |
| <b>Net current assets/(liabilities)</b>                   | <b>801.2</b>              | (782.5)                   | (367.9)                   |

At 30 June 2022, the Group had net current assets of \$801.2 million (December 2021: liabilities \$367.9 million). The increased net current asset, compared to a net current liability in the previous period is principally due to the Built Environment Consulting business being classified as a held for sale current asset.

Goodwill and intangible assets include \$3,099.4 million (December 2021: \$4,228.7 million) of goodwill and intangibles relating to the acquisition of Amec Foster Wheeler. The balance has decreased during the year primarily because of the goodwill and intangibles associated with the Built Environment Consulting business being reclassified as held for sale.

Right of use assets and lease liabilities amount to \$282.0 million (December 2021: \$356.1 million) and \$339.5 million (December 2021: \$449.8 million) respectively, which excludes right of use lease assets and liabilities held for sale of \$54.2 million and \$60.1 million respectively.

The reduction in trade receivables is primarily due to the reclassification of \$331.1 million to held for sale assets. There have been no instances of material default by our customers as a result of the current market conditions.

Net held for sale assets and liabilities as at June 2022 relate to the Built Environment Consulting business as a result of the Board announcing in January 2022 its intentions to realise the value of the business through a sales process. The \$1,099.3 million excludes cash held for sale of \$8.5 million, which is included within net debt excluding leases. The disposal is expected to complete during the second half of 2022.

Trade and other payables have reduced by \$368.4 million since December 2021 and this is primarily due to the reclassification of \$232.1 million to held for sale liabilities. The remaining reduction is primarily driven by trade payables and is caused by reductions in low margin procurement activities by the Projects business following a strategic move away from contracts of this nature.

The provisions balance reduced by \$107.5 million to \$527.7 million since December 2021. The reduction in provisions was primarily due to utilisations of \$69.6 million, releases of \$47.9 million to the income statement, principally related to the asbestos liability and exchange movements of \$8.0 million. These reductions were partially offset by reclassifications of \$11.8 million and charges to the income statement of \$6.2 million.

### Contract assets and liabilities

|                                  | HY22<br>\$m | HY21<br>\$m | FY21<br>\$m |
|----------------------------------|-------------|-------------|-------------|
| Trade receivables                | 594.1       | 666.4       | 729.6       |
| Non-current contract assets      | 74.6        | 128.3       | 66.5        |
| Gross amounts due from customers | 489.8       | 685.5       | 628.1       |
| Gross amounts due to customers   | (115.2)     | (216.4)     | (202.5)     |
|                                  | 1,043.3     | 1,263.8     | 1,221.7     |

Trade receivables reduced by \$135.5 million since December 2021 and this is primarily due to the Built Environment Consulting business being reclassified as held for sale in 2022. Gross amounts due from customers has reduced by \$138.3 million to \$489.8 million. The reduction is largely explained by the held for sale reclassification booked of \$124.1 million and progress being made on the Aegis contract leading to higher non-current contract assets. Gross amounts due to customers reduced by \$87.3 million and this is primarily explained by the held for sale reclassification booked of \$52.8 million and the unwind of advances received from customers.

### Provisions

Total provisions as at June 2022 were \$527.7 million (December 2021: \$635.2 million) and principally comprise of asbestos liabilities of \$302.7 million (December 2021: \$342.1 million), litigation related provisions of \$86.3 million (December 2021: \$93.3 million), project related provisions of \$64.6 million (December 2021: \$112.2 million), insurance provisions of \$44.1 million (December 2021: \$55.3 million) and property provisions of \$30.0 million (December 2021: \$32.3 million).

Largely as a result of the acquisition of AFW, the Group is subject to claims by individuals who allege that they have suffered personal injury from exposure to asbestos primarily in connection with equipment allegedly manufactured by certain subsidiaries during the 1970s or earlier. The overwhelming majority of claims that have been made and are expected to be made are in the United States. At 30 June 2022, the Group has net asbestos related liabilities of \$306.2 million (December 2021: \$349.1 million).

The Group expects to have net cash outflows of around \$40 million as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2022. The estimate assumes no additional settlements with insurance companies and no elections to fund additional payments. The Group has worked with its independent asbestos valuation experts to estimate the amount of asbestos related indemnity and defence costs at each year end based on a forecast to 2050.

Costs relating to asbestos including movements in the liability as a result of changes in assumptions, changes in the discount rate and administration costs, are classified as exceptional on the basis that movements in the provision are non-trading and driven by market conditions out with the Group's control. The 30-year US Treasury rate, which closely matches the duration of the liabilities has increased to 3.14%

from 1.9% at the end of December 2021. This has resulted in a credit of \$23.8 million being recognised through the income statement.

In April 2022, the trial for the lawsuit related to the chemical plant litigation commenced and concluded in July 2022. This litigation relates to one of Amec Foster Wheeler plc's subsidiaries, that Wood acquired in 2017, contracted to engineer, procure and construct a chemical plant for a client in Texas. The alleged actual damages total \$695 million, including an alleged \$317 million in lost revenue from delayed commercial operation.

The Group believes that the claims lack legal and factual merit but provided for an amount representing the fair value of the exposure upon acquisition of Amec Foster Wheeler. The Group has denied the claims and has strong legal and factual defences. Except for gross negligence, wilful misconduct, and warranty claims, overall liability is capped at 10 per cent of the contract price (or approximately \$100 million).

A verdict is expected by year end. It is not possible to predict the ultimate outcome of the case at this point, but the Group remains open to a reasonable settlement. Due to likely appeals processes available to both parties, in the absence of a settlement it is not expected that an outflow will occur within the next 12 months.

Full details of provisions are provided in note 12 to the Group financial statements.

### **Pensions**

The Group operates a number of defined benefit pension schemes in the UK and US, alongside a number of defined contribution plans. At 30 June 2022, the UK defined benefit pension plan had a surplus of \$474.8 million (December 2021: \$259.6 million) and the other schemes had deficits totalling \$76.8 million (December 2021: \$74.7 million).

In assessing the potential liabilities, judgement is required to determine the assumptions for inflation, discount rate and member longevity. The assumptions at 30 June 2022 showed an increase in the discount rate which results in lower scheme liabilities, thereby increasing the value of the net surplus position. This has resulted in a total remeasurement gain of \$231.9 million (June 2021: \$94.8 million) being recognised through Other Comprehensive Income, excluding the remeasurement loss of \$1.1 million (June 2021: gain of \$5.7 million) on the discontinued scheme.

The actuarial gain in respect of the UK scheme has created \$59.6 million of deferred tax assets which has been recognised through exceptional items.

### **Contingent liabilities**

Details of the Group's contingent liabilities are set out in note 19 to the financial statements.

**Principal risks and uncertainties**

The principal risks and uncertainties facing the Group in the second half of 2022 that could lead to a significant loss of reputation or could impact on the performance of the Group, along with our approach to managing, mitigating and monitoring these risks, remain broadly unchanged from those described in the Group's 2021 Annual Report, with the addition of a principal risk that recognises the potential HSSE, financial and business disruption risks of the continuing impact of Covid-19. The key risks are in the following categories:

- Strategic
- Health, Safety Security & Environment
- Financial
- Technology
- Commercial and Operations
- Compliance and Litigation

The mitigating factors are designed to reduce, but cannot be relied upon to eliminate, the risk areas identified. For further details on the management of risk and the principal risks and uncertainties see pages 68 to 74 of the Group's 2021 Annual Report.



## Footnotes

1. A reconciliation of operating profit/(loss) to adjusted EBITDA is presented in table below and is a key unit of measurement used by the Group in the management of its business.

|                                                     | HY22<br>\$m  | HY21<br>(*restated)<br>\$m | FY21<br>(*restated)<br>\$m |
|-----------------------------------------------------|--------------|----------------------------|----------------------------|
| <b>Operating profit/(loss) per income statement</b> | <b>29.7</b>  | 29.7                       | (62.1)                     |
| Exceptional items (note 4)                          | <b>11.0</b>  | 15.3                       | 155.7                      |
| <b>Operating profit before exceptionals</b>         | <b>40.7</b>  | 45.0                       | 93.6                       |
| <b>Operating profit/(loss) per income statement</b> | <b>29.7</b>  | 29.7                       | (62.1)                     |
| Share of joint venture finance expense and tax      | <b>5.2</b>   | 4.9                        | 15.3                       |
| Exceptional items (note 4)                          | <b>11.0</b>  | 15.3                       | 155.7                      |
| Amortisation (including joint ventures)             | <b>80.7</b>  | 84.3                       | 169.1                      |
| Depreciation (including joint ventures)             | <b>14.2</b>  | 17.3                       | 35.1                       |
| Depreciation of right of use assets                 | <b>43.6</b>  | 43.4                       | 85.9                       |
| Impairment of PP&E and right of use assets          | <b>0.4</b>   | -                          | 5.3                        |
| <b>Adjusted EBITDA (continuing operations)</b>      | <b>184.8</b> | 194.9                      | 404.3                      |
| <b>Discontinued operation</b>                       |              |                            |                            |
| <b>Operating profit (discontinued)</b>              | <b>43.1</b>  | 38.5                       | 94.4                       |
| Exceptional items (note 6)                          | <b>22.1</b>  | 2.7                        | 4.0                        |
| Amortisation (including joint ventures)             | -            | 11.3                       | 22.6                       |
| Depreciation (including joint ventures)             | -            | 2.1                        | 4.0                        |
| Depreciation of right of use assets                 | -            | 12.1                       | 23.9                       |
| Impairment of PP&E and right of use assets          | -            | -                          | 0.7                        |
| <b>Adjusted EBITDA (discontinued operation)</b>     | <b>65.2</b>  | 66.7                       | 149.6                      |
| <b>Total Group Adjusted EBITDA</b>                  | <b>250.0</b> | 261.6                      | 553.9                      |

2. Adjusted diluted earnings per share ("AEPS") is calculated by dividing earnings before exceptional items and amortisation relating to acquisitions, net of tax, by the weighted average number of ordinary shares in issue during the period, excluding shares held by the Group's employee share ownership trusts. In 2021, AEPS was not adjusted to assume conversion of all potentially dilutive ordinary shares because the unadjusted result is a loss.
3. Number of people includes both employees and contractors at 30 June 2022.
4. Net Debt to Adjusted EBITDA cover on a covenant and reported basis is presented in the table below:

|                                                           | HY22<br>\$m    | HY21<br>\$m | FY21<br>\$m |
|-----------------------------------------------------------|----------------|-------------|-------------|
| Net debt excluding lease liabilities (reported basis)     | <b>1,756.3</b> | 1,275.3     | 1,393.0     |
| Covenant adjustments                                      | <b>11.9</b>    | 14.4        | 13.5        |
| <b>Net debt (covenant basis)</b>                          | <b>1,768.2</b> | 1,289.7     | 1,406.5     |
| Adjusted EBITDA (covenant basis)                          | <b>445.8</b>   | 432.3       | 448.0       |
| <b>Net debt to Adjusted EBITDA (covenant basis) times</b> | <b>3.97</b>    | 2.98        | 3.14        |
| Adjusted EBITDA (reported basis)                          | <b>421.0</b>   | 442.9       | 418.5       |
| <b>Net debt to Adjusted EBITDA (reported basis) times</b> | <b>4.17</b>    | 2.88        | 3.33        |

Note: the covenant basis shown above refers to the measure as calculated for our RCF. The measure used for our USPP and UKEF is not materially different from the reported measure shown above.

5. Interest cover on a covenant and reported basis is presented in the table below

|                                              | <b>HY22</b>  | HY21  | FY21  |
|----------------------------------------------|--------------|-------|-------|
|                                              | <b>\$m</b>   | \$m   | \$m   |
| Net finance expense (covenant basis)         | <b>100.9</b> | 71.8  | 85.9  |
| Adjusted EBITA (covenant basis)              | <b>388.9</b> | 391.3 | 408.6 |
| <b>Interest cover (covenant basis) times</b> | <b>3.9</b>   | 5.5   | 4.8   |
| Net finance expense                          | <b>107.4</b> | 73.8  | 92.6  |
| Adjusted EBITDA (reported basis)             | <b>421.0</b> | 442.9 | 418.5 |
| <b>Interest cover (reported basis) times</b> | <b>3.9</b>   | 6.0   | 4.5   |

**John Wood Group PLC**  
**Interim Financial Statements 2022**

## Group income statement

for the six month period to 30 June 2022

|                                                                                  |      | Unaudited Interim June 2022         |                                         |              | Unaudited Interim June 2021 (restated*) |                                         |              | Audited Full Year December 2021 (restated*) |                                         |              |
|----------------------------------------------------------------------------------|------|-------------------------------------|-----------------------------------------|--------------|-----------------------------------------|-----------------------------------------|--------------|---------------------------------------------|-----------------------------------------|--------------|
|                                                                                  |      | Pre-<br>exceptional<br>items<br>\$m | Exceptional<br>items<br>(note 4)<br>\$m | Total<br>\$m | Pre-<br>exceptional<br>items<br>\$m     | Exceptional<br>items<br>(note 4)<br>\$m | Total<br>\$m | Pre-<br>exceptional<br>items<br>\$m         | Exceptional<br>items<br>(note 4)<br>\$m | Total<br>\$m |
|                                                                                  | Note |                                     |                                         |              |                                         |                                         |              |                                             |                                         |              |
| <b><i>Continuing operations</i></b>                                              |      |                                     |                                         |              |                                         |                                         |              |                                             |                                         |              |
| Revenue                                                                          | 2,3  | 2,560.9                             | (8.0)                                   | 2,552.9      | 2,569.7                                 | -                                       | 2,569.7      | 5,237.7                                     | (25.4)                                  | 5,212.3      |
| Cost of sales                                                                    |      | (2,258.1)                           | (12.3)                                  | (2,270.4)    | (2,277.3)                               | -                                       | (2,277.3)    | (4,617.8)                                   | (73.9)                                  | (4,691.7)    |
| Gross profit                                                                     |      | 302.8                               | (20.3)                                  | 282.5        | 292.4                                   | -                                       | 292.4        | 619.9                                       | (99.3)                                  | 520.6        |
| Administrative expenses                                                          |      | (273.1)                             | 9.3                                     | (263.8)      | (259.4)                                 | (15.3)                                  | (274.7)      | (557.8)                                     | (56.4)                                  | (614.2)      |
| Share of post-tax profit from joint ventures                                     |      | 11.0                                | -                                       | 11.0         | 12.0                                    | -                                       | 12.0         | 31.5                                        | -                                       | 31.5         |
| Operating profit/(loss)                                                          | 2    | 40.7                                | (11.0)                                  | 29.7         | 45.0                                    | (15.3)                                  | 29.7         | 93.6                                        | (155.7)                                 | (62.1)       |
| Finance income                                                                   |      | 2.9                                 | -                                       | 2.9          | 5.8                                     | -                                       | 5.8          | 3.3                                         | -                                       | 3.3          |
| Finance expense                                                                  |      | (61.3)                              | (2.8)                                   | (64.1)       | (51.1)                                  | (2.8)                                   | (53.9)       | (106.9)                                     | (6.3)                                   | (113.2)      |
| Loss before tax                                                                  |      | (17.7)                              | (13.8)                                  | (31.5)       | (0.3)                                   | (18.1)                                  | (18.4)       | (10.0)                                      | (162.0)                                 | (172.0)      |
| Taxation                                                                         | 8    | (32.2)                              | 64.2                                    | 32.0         | (14.7)                                  | (9.1)                                   | (23.8)       | (32.4)                                      | (9.1)                                   | (41.5)       |
| Profit/(loss) from continuing operations                                         |      | (49.9)                              | 50.4                                    | 0.5          | (15.0)                                  | (27.2)                                  | (42.2)       | (42.4)                                      | (171.1)                                 | (213.5)      |
| <b><i>Discontinued operation</i></b>                                             |      |                                     |                                         |              |                                         |                                         |              |                                             |                                         |              |
| Profit from discontinued operations, net of tax                                  | 6    | 57.5                                | 30.9                                    | 88.4         | 33.5                                    | (2.7)                                   | 30.8         | 82.0                                        | (4.0)                                   | 78.0         |
| Profit/(loss) for the period                                                     |      | 7.6                                 | 81.3                                    | 88.9         | 18.5                                    | (29.9)                                  | (11.4)       | 39.6                                        | (175.1)                                 | (135.5)      |
| <b>Profit/(loss) attributable to:</b>                                            |      |                                     |                                         |              |                                         |                                         |              |                                             |                                         |              |
| Owners of the parent                                                             |      | 7.2                                 | 81.3                                    | 88.5         | 18.1                                    | (29.9)                                  | (11.8)       | 35.6                                        | (175.1)                                 | (139.5)      |
| Non-controlling interests                                                        |      | 0.4                                 | -                                       | 0.4          | 0.4                                     | -                                       | 0.4          | 4.0                                         | -                                       | 4.0          |
|                                                                                  |      | 7.6                                 | 81.3                                    | 88.9         | 18.5                                    | (29.9)                                  | (11.4)       | 39.6                                        | (175.1)                                 | (135.5)      |
| <b>Earnings per share (expressed in cents per share)</b>                         |      |                                     |                                         |              |                                         |                                         |              |                                             |                                         |              |
| Basic                                                                            | 7    |                                     |                                         | 13.0         |                                         |                                         | (1.7)        |                                             |                                         | (20.6)       |
| Diluted                                                                          | 7    |                                     |                                         | 12.5         |                                         |                                         | (1.7)        |                                             |                                         | (20.6)       |
| <b>Earnings per share – continuing operations (expressed in cents per share)</b> |      |                                     |                                         |              |                                         |                                         |              |                                             |                                         |              |
| Basic                                                                            | 7    |                                     |                                         | 0.0          |                                         |                                         | (6.3)        |                                             |                                         | (32.2)       |
| Diluted                                                                          | 7    |                                     |                                         | 0.0          |                                         |                                         | (6.3)        |                                             |                                         | (32.2)       |

The notes on pages 32 to 56 are an integral part of the interim financial statements.

\* The comparative information has been restated due to a discontinued operation outlined in note 6.

## Group statement of comprehensive income

for the six month period to 30 June 2022

|                                                                                                     | Unaudited<br>Interim<br>June<br>2022 | Unaudited<br>Interim<br>June<br>2021<br>(restated*) | Audited<br>Full Year<br>December<br>2021<br>(restated*) |
|-----------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------------|---------------------------------------------------------|
|                                                                                                     | \$m                                  | \$m                                                 | \$m                                                     |
| <b>Profit/(loss) for the period</b>                                                                 | <b>88.9</b>                          | (11.4)                                              | (135.5)                                                 |
| <b>Other comprehensive income/(expense) from continuing operations</b>                              |                                      |                                                     |                                                         |
| <i>Items that will not be reclassified to profit or loss</i>                                        |                                      |                                                     |                                                         |
| Re-measurement gains on retirement benefit schemes                                                  | 231.9                                | 94.8                                                | 76.2                                                    |
| Movement in deferred tax relating to tax rate change on retirement benefit obligations              | -                                    | 7.6                                                 | -                                                       |
| Movement in deferred tax relating to retirement benefit schemes                                     | (57.9)                               | (18.4)                                              | (9.5)                                                   |
| <b>Total items that will not be reclassified to profit or loss</b>                                  | <b>174.0</b>                         | 84.0                                                | 66.7                                                    |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                |                                      |                                                     |                                                         |
| Cash flow hedges                                                                                    | 8.4                                  | 3.0                                                 | 7.9                                                     |
| Tax on derivative financial instruments                                                             | (2.0)                                | (0.5)                                               | (3.4)                                                   |
| Exchange movements on retranslation of foreign operations                                           | (158.8)                              | (6.3)                                               | (51.0)                                                  |
| <b>Total items that may be reclassified subsequently to profit or loss</b>                          | <b>(152.4)</b>                       | (3.8)                                               | (46.5)                                                  |
| <b>Other comprehensive (expense)/income from continuing operations for the period, net of tax</b>   | <b>21.6</b>                          | 80.2                                                | 20.2                                                    |
| <b>Other comprehensive (expense)/income from discontinued operations</b>                            |                                      |                                                     |                                                         |
| Re-measurement (losses)/gains on retirement benefit schemes                                         | (1.1)                                | 5.7                                                 | 7.1                                                     |
| Movement in deferred tax relating to retirement benefit schemes                                     | 5.3                                  | -                                                   | -                                                       |
| Exchange movements on retranslation of foreign operations                                           | (32.2)                               | 12.7                                                | (5.3)                                                   |
| <b>Other comprehensive (expense)/income from discontinued operations for the period, net of tax</b> | <b>(28.0)</b>                        | 18.4                                                | 1.8                                                     |
| <b>Total comprehensive income/(expense) for the period</b>                                          | <b>82.5</b>                          | 87.2                                                | (113.5)                                                 |
| <b>Total comprehensive income/(expense) for the period is attributable to:</b>                      |                                      |                                                     |                                                         |
| Owners of the parent                                                                                | 82.1                                 | 86.8                                                | (117.5)                                                 |
| Non-controlling interests                                                                           | 0.4                                  | 0.4                                                 | 4.0                                                     |
|                                                                                                     | <b>82.5</b>                          | 87.2                                                | (113.5)                                                 |

Exchange movements on the retranslation of foreign currency net assets would only be subsequently reclassified through profit or loss in the event of the disposal of a business.

\* The comparative information has been restated due to a discontinued operation outlined in note 6.

The notes on pages 32 to 56 are an integral part of the interim financial statements.

## Group balance sheet

as at 30 June 2022

|                                                               | Note | Unaudited<br>Interim<br>June<br>2022<br>\$m | Unaudited<br>Interim<br>June<br>2021<br>\$m | Audited<br>Full Year<br>December<br>2021<br>\$m |
|---------------------------------------------------------------|------|---------------------------------------------|---------------------------------------------|-------------------------------------------------|
| <b>Assets</b>                                                 |      |                                             |                                             |                                                 |
| <b>Non-current assets</b>                                     |      |                                             |                                             |                                                 |
| Goodwill and other intangible assets                          | 11   | 4,905.7                                     | 6,193.9                                     | 6,075.3                                         |
| Property plant and equipment                                  |      | 82.6                                        | 115.5                                       | 102.2                                           |
| Right of use assets                                           |      | 282.0                                       | 389.2                                       | 356.1                                           |
| Investment in joint ventures                                  |      | 154.2                                       | 168.8                                       | 169.7                                           |
| Other investments                                             |      | 62.6                                        | 81.6                                        | 75.9                                            |
| Long term receivables                                         |      | 111.8                                       | 198.4                                       | 107.5                                           |
| Retirement benefit scheme surplus                             | 9    | 474.8                                       | 267.7                                       | 259.6                                           |
| Deferred tax assets                                           |      | 161.1                                       | 87.2                                        | 75.7                                            |
|                                                               |      | <b>6,234.8</b>                              | <b>7,502.3</b>                              | <b>7,222.0</b>                                  |
| <b>Current assets</b>                                         |      |                                             |                                             |                                                 |
| Inventories                                                   |      | 21.0                                        | 13.6                                        | 15.9                                            |
| Trade and other receivables                                   |      | 1,490.2                                     | 1,771.7                                     | 1,791.3                                         |
| Financial assets                                              |      | 5.8                                         | 16.1                                        | 7.7                                             |
| Income tax receivable                                         |      | 66.3                                        | 60.7                                        | 55.2                                            |
| Assets held for sale                                          | 13   | 1,420.8                                     | -                                           | -                                               |
| Cash and cash equivalents                                     | 15   | 404.5                                       | 461.3                                       | 503.0                                           |
|                                                               |      | <b>3,408.6</b>                              | <b>2,323.4</b>                              | <b>2,373.1</b>                                  |
| <b>Total assets</b>                                           |      | <b>9,643.4</b>                              | <b>9,825.7</b>                              | <b>9,595.1</b>                                  |
| <b>Liabilities</b>                                            |      |                                             |                                             |                                                 |
| <b>Current liabilities</b>                                    |      |                                             |                                             |                                                 |
| Borrowings                                                    | 15   | 321.5                                       | 672.2                                       | 281.9                                           |
| Trade and other payables                                      |      | 1,630.2                                     | 2,038.7                                     | 1,998.6                                         |
| Income tax liabilities                                        |      | 224.3                                       | 185.6                                       | 183.2                                           |
| Lease liabilities                                             | 15   | 88.2                                        | 125.5                                       | 118.3                                           |
| Provisions                                                    | 12   | 30.2                                        | 83.9                                        | 159.0                                           |
| Liabilities directly associated with the assets held for sale | 13   | 313.0                                       | -                                           | -                                               |
|                                                               |      | <b>2,607.4</b>                              | <b>3,105.9</b>                              | <b>2,741.0</b>                                  |
| <b>Net current assets/(liabilities)</b>                       |      | <b>801.2</b>                                | <b>(782.5)</b>                              | <b>(367.9)</b>                                  |
| <b>Non-current liabilities</b>                                |      |                                             |                                             |                                                 |
| Borrowings                                                    | 15   | 1,847.8                                     | 1,076.9                                     | 1,614.1                                         |
| Deferred tax liabilities                                      |      | 57.0                                        | 102.5                                       | 72.5                                            |
| Retirement benefit scheme deficit                             | 9    | 76.8                                        | 78.3                                        | 74.7                                            |
| Lease liabilities                                             | 15   | 251.3                                       | 374.0                                       | 331.5                                           |
| Other non-current liabilities                                 | 10   | 118.0                                       | 204.2                                       | 199.8                                           |
| Provisions                                                    | 12   | 497.5                                       | 618.4                                       | 476.2                                           |
|                                                               |      | <b>2,848.4</b>                              | <b>2,454.3</b>                              | <b>2,768.8</b>                                  |
| <b>Total liabilities</b>                                      |      | <b>5,455.8</b>                              | <b>5,560.2</b>                              | <b>5,509.8</b>                                  |
| <b>Net assets</b>                                             |      | <b>4,187.6</b>                              | <b>4,265.5</b>                              | <b>4,085.3</b>                                  |
| <b>Equity attributable to owners of the parent</b>            |      |                                             |                                             |                                                 |
| Share capital                                                 |      | 41.3                                        | 41.1                                        | 41.3                                            |
| Share premium                                                 |      | 63.9                                        | 63.9                                        | 63.9                                            |
| Retained earnings                                             |      | 1,701.8                                     | 1,539.6                                     | 1,415.0                                         |
| Merger reserve                                                |      | 2,540.8                                     | 2,540.8                                     | 2,540.8                                         |
| Other reserves                                                |      | (163.6)                                     | 77.9                                        | 21.0                                            |
|                                                               |      | <b>4,184.2</b>                              | <b>4,263.3</b>                              | <b>4,082.0</b>                                  |
| Non-controlling interests                                     |      | 3.4                                         | 2.2                                         | 3.3                                             |
| <b>Total equity</b>                                           |      | <b>4,187.6</b>                              | <b>4,265.5</b>                              | <b>4,085.3</b>                                  |

The notes on pages 32 to 56 are an integral part of the interim financial statements.

## Group statement of changes in equity

for the six month period to 30 June 2022

|                                                                                        |      | Share<br>Capital<br>\$m | Share<br>Premium<br>\$m | Retained<br>Earnings<br>\$m | Merger<br>Reserve<br>\$m | Other<br>reserves<br>\$m | Equity<br>attributable<br>to owners<br>of the<br>parent<br>\$m | Non-<br>controlling<br>interests<br>\$m | Total<br>equity<br>\$m |
|----------------------------------------------------------------------------------------|------|-------------------------|-------------------------|-----------------------------|--------------------------|--------------------------|----------------------------------------------------------------|-----------------------------------------|------------------------|
|                                                                                        | Note |                         |                         |                             |                          |                          |                                                                |                                         |                        |
| <b>At 1 January 2021</b>                                                               |      | 41.1                    | 63.9                    | 1,455.2                     | 2,540.8                  | 69.0                     | <b>4,170.0</b>                                                 | 2.8                                     | <b>4,172.8</b>         |
| (Loss)/profit for the period                                                           |      | -                       | -                       | (11.8)                      | -                        | -                        | <b>(11.8)</b>                                                  | 0.4                                     | <b>(11.4)</b>          |
| <b>Other comprehensive income/(expense):</b>                                           |      |                         |                         |                             |                          |                          |                                                                |                                         |                        |
| Re-measurement gains on retirement benefit schemes                                     |      | -                       | -                       | 94.8                        | -                        | -                        | <b>94.8</b>                                                    | -                                       | <b>94.8</b>            |
| Re-measurement gains on retirement benefit schemes (discontinued)                      |      | -                       | -                       | 5.7                         | -                        | -                        | <b>5.7</b>                                                     | -                                       | <b>5.7</b>             |
| Movement in deferred tax relating to retirement benefit schemes                        |      | -                       | -                       | (18.4)                      | -                        | -                        | <b>(18.4)</b>                                                  | -                                       | <b>(18.4)</b>          |
| Movement in deferred tax relating to tax rate change on retirement benefit obligations |      | -                       | -                       | 7.6                         | -                        | -                        | <b>7.6</b>                                                     | -                                       | <b>7.6</b>             |
| Cash flow hedges                                                                       |      | -                       | -                       | -                           | -                        | 3.0                      | <b>3.0</b>                                                     | -                                       | <b>3.0</b>             |
| Tax on derivative financial instruments                                                |      | -                       | -                       | -                           | -                        | (0.5)                    | <b>(0.5)</b>                                                   | -                                       | <b>(0.5)</b>           |
| Net exchange movements on retranslation of foreign currency operations                 |      | -                       | -                       | -                           | -                        | (6.3)                    | <b>(6.3)</b>                                                   | -                                       | <b>(6.3)</b>           |
| Net exchange movements on retranslation of foreign currency operations (discontinued)  |      | -                       | -                       | -                           | -                        | 12.7                     | <b>12.7</b>                                                    | -                                       | <b>12.7</b>            |
| <b>Total comprehensive income for the period</b>                                       |      | -                       | -                       | 77.9                        | -                        | 8.9                      | <b>86.8</b>                                                    | 0.4                                     | <b>87.2</b>            |
| <b>Transactions with owners:</b>                                                       |      |                         |                         |                             |                          |                          |                                                                |                                         |                        |
| Dividends paid                                                                         | 5    | -                       | -                       | -                           | -                        | -                        | -                                                              | (0.2)                                   | <b>(0.2)</b>           |
| Share based charges                                                                    | 16   | -                       | -                       | 6.0                         | -                        | -                        | <b>6.0</b>                                                     | -                                       | <b>6.0</b>             |
| Purchase of company shares by Employee Share Trust for the Share Incentive Plan (SIP)  |      | -                       | -                       | 0.5                         | -                        | -                        | <b>0.5</b>                                                     | -                                       | <b>0.5</b>             |
| Transactions with non-controlling interests                                            |      | -                       | -                       | -                           | -                        | -                        | -                                                              | (0.8)                                   | <b>(0.8)</b>           |
| <b>At 30 June 2021</b>                                                                 |      | 41.1                    | 63.9                    | 1,539.6                     | 2,540.8                  | 77.9                     | <b>4,263.3</b>                                                 | 2.2                                     | <b>4,265.5</b>         |
| <b>At 1 January 2022</b>                                                               |      | 41.3                    | 63.9                    | 1,415.0                     | 2,540.8                  | 21.0                     | <b>4,082.0</b>                                                 | 3.3                                     | <b>4,085.3</b>         |
| Profit for the period                                                                  |      | -                       | -                       | 88.5                        | -                        | -                        | <b>88.5</b>                                                    | 0.4                                     | <b>88.9</b>            |
| <b>Other comprehensive income/(expense):</b>                                           |      |                         |                         |                             |                          |                          |                                                                |                                         |                        |
| Re-measurement gains on retirement benefit schemes                                     |      | -                       | -                       | 231.9                       | -                        | -                        | <b>231.9</b>                                                   | -                                       | <b>231.9</b>           |
| Movement in deferred tax relating to retirement benefit schemes                        |      | -                       | -                       | (57.9)                      | -                        | -                        | <b>(57.9)</b>                                                  | -                                       | <b>(57.9)</b>          |
| Re-measurement losses on retirement benefit schemes (discontinued)                     |      | -                       | -                       | (1.1)                       | -                        | -                        | <b>(1.1)</b>                                                   | -                                       | <b>(1.1)</b>           |
| Movement in deferred tax relating to retirement benefit schemes (discontinued)         |      | -                       | -                       | 5.3                         | -                        | -                        | <b>5.3</b>                                                     | -                                       | <b>5.3</b>             |
| Cash flow hedges                                                                       |      | -                       | -                       | -                           | -                        | 8.4                      | <b>8.4</b>                                                     | -                                       | <b>8.4</b>             |
| Tax on derivative financial instruments                                                |      | -                       | -                       | -                           | -                        | (2.0)                    | <b>(2.0)</b>                                                   | -                                       | <b>(2.0)</b>           |
| Net exchange movements on retranslation of foreign currency operations                 |      | -                       | -                       | -                           | -                        | (158.8)                  | <b>(158.8)</b>                                                 | -                                       | <b>(158.8)</b>         |
| Net exchange movements on retranslation of foreign currency operations (discontinued)  |      | -                       | -                       | -                           | -                        | (32.2)                   | <b>(32.2)</b>                                                  | -                                       | <b>(32.2)</b>          |
| <b>Total comprehensive income for the period</b>                                       |      | -                       | -                       | 266.7                       | -                        | (184.6)                  | <b>82.1</b>                                                    | 0.4                                     | <b>82.5</b>            |
| <b>Transactions with owners:</b>                                                       |      |                         |                         |                             |                          |                          |                                                                |                                         |                        |
| Dividends paid                                                                         | 5    | -                       | -                       | -                           | -                        | -                        | -                                                              | (0.8)                                   | <b>(0.8)</b>           |
| Share based charges                                                                    | 16   | -                       | -                       | 8.5                         | -                        | -                        | <b>8.5</b>                                                     | -                                       | <b>8.5</b>             |
| Purchase of company shares by Employee Share Trust for the Share Incentive Plan (SIP)  | 16   | -                       | -                       | 0.6                         | -                        | -                        | <b>0.6</b>                                                     | -                                       | <b>0.6</b>             |
| Exchange movements in respect of shares held by employee share trusts                  |      | -                       | -                       | 11.0                        | -                        | -                        | <b>11.0</b>                                                    | -                                       | <b>11.0</b>            |
| Transactions with non-controlling interests                                            |      | -                       | -                       | -                           | -                        | -                        | -                                                              | 0.5                                     | <b>0.5</b>             |
| <b>At 30 June 2022</b>                                                                 |      | <b>41.3</b>             | <b>63.9</b>             | <b>1,701.8</b>              | <b>2,540.8</b>           | <b>(163.6)</b>           | <b>4,184.2</b>                                                 | <b>3.4</b>                              | <b>4,187.6</b>         |

The figures presented in the above tables are unaudited.

Other reserves include the capital redemption reserve, capital reduction reserve, currency translation reserve and the hedging reserve.  
The notes on pages 32 to 56 are an integral part of the interim financial statements.

## Group cash flow statement

for the six month period to 30 June 2022

|                                                              | Note      | Unaudited<br>Interim<br>June 2022<br>\$m | Unaudited<br>Interim<br>June 2021<br>\$m | Audited<br>Full Year<br>Dec 2021<br>\$m |
|--------------------------------------------------------------|-----------|------------------------------------------|------------------------------------------|-----------------------------------------|
| <b>Cash (used in)/generated from operations</b>              | <b>15</b> | <b>(117.3)</b>                           | (78.7)                                   | 13.9                                    |
| Tax paid                                                     |           | (29.2)                                   | (41.1)                                   | (73.5)                                  |
| <b>Net cash used in operating activities</b>                 |           | <b>(146.5)</b>                           | (119.8)                                  | (59.6)                                  |
| <b>Cash flows from investing activities</b>                  |           |                                          |                                          |                                         |
| Disposal of businesses (net of cash disposed)                |           | -                                        | 19.2                                     | 19.3                                    |
| Purchase of property plant and equipment                     |           | (9.5)                                    | (8.5)                                    | (22.4)                                  |
| Proceeds from sale of property plant and equipment           |           | 1.4                                      | 2.9                                      | 22.1                                    |
| Purchase of intangible assets                                | 11        | (49.1)                                   | (35.0)                                   | (92.5)                                  |
| Interest received                                            |           | 2.5                                      | 5.8                                      | 3.1                                     |
| Cash from short term investments and restricted cash         | 15        | -                                        | -                                        | 12.5                                    |
| Repayment of loans from joint ventures                       |           | -                                        | 5.1                                      | 1.0                                     |
| <b>Net cash used in investing activities</b>                 |           | <b>(54.7)</b>                            | (10.5)                                   | (56.9)                                  |
| <b>Cash flows from financing activities</b>                  |           |                                          |                                          |                                         |
| Proceeds/(repayment) from bank loans and overdrafts          | 15        | 12.9                                     | 357.3                                    | (33.5)                                  |
| Proceeds from long-term borrowings                           | 15        | 231.4                                    | -                                        | 664.9                                   |
| Repayment of long-term borrowings                            | 15        | -                                        | (221.3)                                  | (335.6)                                 |
| Payment of lease liabilities                                 | 15        | (66.8)                                   | (82.3)                                   | (167.6)                                 |
| Proceeds from SIP shares                                     |           | 0.6                                      | 0.5                                      | 1.5                                     |
| Interest paid                                                |           | (53.3)                                   | (41.1)                                   | (87.5)                                  |
| Dividends paid to non-controlling interests                  |           | (0.8)                                    | (0.2)                                    | (2.7)                                   |
| <b>Net cash generated from financing activities</b>          |           | <b>124.0</b>                             | 12.9                                     | 39.5                                    |
| <b>Net decrease in cash and cash equivalents</b>             |           | <b>(77.2)</b>                            | (117.4)                                  | (77.0)                                  |
| Effect of exchange rate changes on cash and cash equivalents |           | (12.8)                                   | (6.3)                                    | (5.0)                                   |
| Opening cash and cash equivalents                            |           | 503.0                                    | 585.0                                    | 585.0                                   |
| <b>Closing cash and cash equivalents</b>                     |           | <b>413.0</b>                             | 461.3                                    | 503.0                                   |

Cash at bank and in hand at 30 June 2022 includes \$253.2m (December 2021: \$240.4m) that is part of the Group's cash pooling arrangements. For internal reporting and for the purposes of the calculation of interest by the bank, this amount is netted with short-term overdrafts. However, in preparing these financial statements, the Group is required to gross up both its cash and short-term borrowings figures by this amount.

The proceeds of long-term borrowings of \$231.4m includes additional borrowings under the Revolving Credit Facility.

Payment of lease liabilities includes the cash payments for the principal portion of lease payments of \$58.2m (2021: \$71.7m) and for the interest portion of \$8.6m (2021: \$10.6m). The classification of interest paid within financing activities is in line with the Group accounting policy.

The Group has elected to present a cash flow statement that includes an analysis of all cash flows in total, including both continuing and discontinued operations. Amounts related to the discontinued operation by operating, investing and financing activities are disclosed in note 6.

The cash and cash equivalents balance of \$413.0m (December 2021: \$503m) includes cash held for sale of \$8.5m (December 2021: \$nil).

*The notes on pages 32 to 56 are an integral part of the interim financial statements.*



**Notes to the interim financial statements**  
*for the six month period to 30 June 2022*

**1. Basis of preparation**

This condensed set of financial statements for the six months ended 30 June 2022 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK. The interim report and condensed consolidated financial statements should be read in conjunction with the Group's 2021 Annual Report and Accounts which have been prepared in accordance with UK-adopted international accounting standards and delivered to the Registrar of Companies. The audit opinion contained within the 2021 financial statements is unqualified.

As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the interim report and condensed consolidated financial statements have been prepared on the basis of the accounting policies set out in the Group's 2021 Annual Report and Accounts. The interim report and condensed consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The results for the six months to 30 June 2022 and the comparative results for the six months to 30 June 2021 are unaudited. The comparative figures for the year ended 31 December 2021 do not constitute the statutory financial statements for that year.

The interim condensed financial statements were approved by the board of directors on 22 August 2022.

**Going concern**

The directors did not declare a final 2021 dividend and do not plan to declare an interim 2022 dividend in order to protect cashflows and preserve long term value. No dividends are included in the going concern assessment as these are not committed. Any decision to resume payment of a final dividend for 2022 will consider the Group's future profitability and cash requirements at that time.

In assessing the basis of preparation of the financial statements for the period ended 30 June 2022, the directors have considered the principles of the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, 2014.'

In order to satisfy themselves that they have adequate resources for the future, the directors have reviewed the Group's existing debt levels, the forecast compliance with debt covenants including any impact on committed funding and liquidity positions and the Group's ability to generate cash from trading activities. As of 30 June 2022, the Group's principal debt facilities comprise a \$1,200.0m revolving credit facility maturing in October 2026; a \$600.0m term loan maturing in July 2026 and \$801.2m of US private placement debt repayable in various tranches between July 2022 and July 2031, with over 95% due in 2024 or later. At 30 June 2022, the Group had headroom of \$701.2m under its main facilities and a further \$142.2m of other undrawn borrowing facilities. As previously noted, the cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt is typically lower than these averages due to a combination of factors including a strong focus on collection of receipts from customers and the timing of payments to suppliers. In line with this seasonality, headroom is forecast to be at its lowest point in August 2022, before increasing thereafter due to working capital inflows and the completion of the sale of the Built Environment Consulting business. At the lowest point, in both the base case and severe but plausible downside scenarios, sufficient headroom remains in order to meet the Group's obligations as they fall due.

As part of the Built Environment Consulting sale process, the Group agreed lender consent for the sale and a temporary amendment of the net debt to EBITDA covenant for its revolving credit facility, UKEF and USPP notes from 3.5x to 4.5x for both the June 2022 and December 2022 measurement dates. The temporary amendment of the net debt to EBITDA covenant was required due to lower than forecast profitability and a higher than forecast working capital outflow, largely due to timing and phasing of activities. The covenants will revert to 3.5x for both covenants in June and December 2023, by which time the Group expects to have completed the sale of the Built Environment Consulting business. The disposal process is advancing in line with expectation and the directors are confident that the disposal will be completed during the second half of 2022. These covenants are measured on a semi-annual basis and excludes the impact of IFRS 16.

At 30 June 2022, the Group had net current assets of \$801.2m (Dec 2021: liabilities \$367.9m) and the improvement mainly relates to the classification of the Built Environment Consulting business as held for sale.

The directors have considered a range of scenarios on the Group's future financial performance and cash flows. These scenarios reflect our outlook for the broad range of end markets that the Group operates in, whilst also considering the growth in the order book during 2022 and an improved outlook for activity across Projects, Operations and the remaining Consulting business post the sale of the Built Environment Consulting business. Approximately 45% of the Group's continuing revenues are driven by Renewables and Other Energy; Built Environment and Process and Chemicals. The Group anticipates improving operational momentum in our business, especially the growth in our Projects order book, supported by a backdrop of strong market demand for our engineering solutions. Growth led by engineering design and EPCm scopes in line with a move away from large-scale lump sum work. The conventional energy business, which makes up around 55% of continuing revenue continues to be supported by energy security requirements in the Middle East, Americas and Europe where the Group have a strong footprint and improved commodity prices. This backdrop of strong order book growth and improved activity levels in 2022 gives the directors improved confidence around the 2022 forecast and the growth assumptions for 2023.

**Notes to the interim financial statements**  
*for the six month period to 30 June 2022*

The directors have made an assessment of going concern, underpinned by the above forecasts, covering a period of at least 12 months from the date of approval of these financial statements. The base case going concern scenario assumes the disposal of the Built Environment Consulting business, which is assumed to complete in September 2022 for Net Cash Proceeds of \$1.62bn. The primary and immediate use of the Net Cash Proceeds from the transaction will be to strengthen the Group's balance sheet by reducing the Group's Net Debt (excluding leases). In determining the future use of the Net Cash Proceeds the Board will seek to balance a number of key considerations including strengthening the Group's balance sheet to restore the financial flexibility to deliver the Group's strategy, enabling investment in growth opportunities in energy security and sustainability markets and will engage with shareholders on providing shareholder returns.

The directors have also considered severe, but plausible downside scenarios. The most severe of these reflect further material reductions in revenue and EBITDA from the base scenario, which is the Board approved forecast, the basis of which is described above. This could result from a worsening economic climate, escalation of the war in Ukraine or a significantly reduced oil price. Both the base case and severe but plausible scenarios modelled, indicated that the financial covenants would be met, with significant facility headroom remaining available.

In addition, the directors also considered the very remote but possible scenario that the sale of the Built Environment Consulting business does not complete as planned. The directors consider the risk the transaction does not complete as very remote on the basis that the SPA has been executed and the key conditions precedent are close to being met: shareholder approval has been obtained, regulatory approval has already been obtained in all but one jurisdiction and there has been no material adverse change to date. Based on current circumstances, this material adverse change scenario is considered highly unlikely to occur. The directors modelled the impact of the cancellation of the sale in both the base case and severe but plausible downside scenarios. Under the base case, there would be sufficient headroom and the Group would meet the ratios set out under its banking covenants as at 31 December 2022 and 30 June 2023. However, the material reductions assumed in revenue and EBITDA margins in the severe downside scenario could potentially lead to a breach of the net debt to EBITDA ratio in June 2023, should the sale not complete and the directors did not take mitigating actions. This severe downside scenario is also considered very unlikely, however should it arise there are mitigating actions which would lead to headroom on the net debt to EBITDA ratio in June 2023. The mitigating actions include actions such as a sale of the Built Environment Consulting business to an alternative buyer, further disposals of non-core businesses, adjusting the cost base, temporary suspension of discretionary capital expenditure and extension of payment terms. Although some of these would require the agreement of third parties, the directors are confident that these actions could, in this very unlikely scenario, be executed in sufficient time to avoid a breach of the covenants agreed with lenders.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Significant accounting policies**

The Group's significant accounting policies adopted in the preparation of these financial statements are set out in the Group's 2021 Annual Report. Updates since the 2021 Annual Report are noted below. These policies have been consistently applied to all the periods presented.

*Discontinued operations*

The Group has classified its Built Environment Consulting business as a discontinued operation for the reporting period ending 30 June 2022. A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

During 2022 a separate management team and reporting structure has been put in place to manage the Built Environment Consulting business and financial information showing the performance of the Built Environment Consulting business is shared with the directors on a monthly basis. The Built Environment Consulting business is therefore considered a separate, major line of business which will be disposed of during 2022 and therefore meets the definition of a discontinued operation.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement and statement of comprehensive income are presented as if the operation had been discontinued from the start of the comparative period.

*Segmental reporting*

The Group has determined that its operating segments are based on management reports reviewed by the Chief Operating Decision Maker ('CODM'), the Group's Chief Executive. Due to changes made to internal management reporting, the Group is reporting a new operating segment known as Built Environment Consulting which is being disposed of in 2022. This new segment is in addition to the reportable segments previously shown in the 2021 Annual Report.

**Notes to the interim financial statements**  
*for the six month period to 30 June 2022*

**Taxation**

The tax charged in relation to pre-exceptional profits for the six months ended 30 June 2022 has been calculated by applying the effective rate of tax which is expected to apply to the Group for the year ending 31 December 2022, using rates substantively enacted by 30 June 2022 as required by IAS 34 'Interim Financial Reporting'. Tax in relation to exceptional items and movements through Other Comprehensive Income is calculated based on the actual results for the six months ended 30 June 2022. Policies in relation to tax are applied consistently with those outlined in the 2021 Group Annual Report and Accounts when calculating the effective tax rate and exceptional tax charge.

**Judgements and Estimates**

In preparing these interim condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements for the year ended 31 December 2021.

**Functional currency**

The Group's earnings stream is primarily US dollars and the principal functional currency is the US dollar, being the most representative currency of the Group. The Group's financial statements are therefore prepared in US dollars.

The following exchange rates have been used in the preparation of these accounts:

|                      | <b>June 2022</b> | June 2021 | December 2021 |
|----------------------|------------------|-----------|---------------|
| Average rate £1 = \$ | <b>1.2952</b>    | 1.3868    | 1.3757        |
| Closing rate £1 = \$ | <b>1.2145</b>    | 1.3814    | 1.3545        |

**Disclosure of impact of new and future accounting standards**

There have been no new standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2022. Amendments to existing standards do not have a material impact on the financial statements.

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**2. Segmental reporting**

The Group monitors activity and performance through five operating segments; Projects, Operations, Consulting, Built Environment Consulting and Investment Services ('IVS'). Due to changes made to internal management reporting in respect of the Built Environment Consulting business sale, the Group is reporting a new operating segment known as Built Environment Consulting. Built Environment Consulting is a new segment in addition to the reportable segments previously shown in the 2021 Annual Report. Comparatives in the table below have been restated to reflect this change.

Under IFRS 11 'Joint arrangements', the Group is required to account for joint ventures using equity accounting. Adjusted EBITDA as shown in the table below includes our share of joint venture profits and excludes exceptional items, which is consistent with the way management review the performance of the business units.

The segment information provided to the Group's Chief Executive for the reportable operating segments for the period included the following:

**Reportable operating segments**

|                                                                | Revenue                     |                                        |                                   | Adjusted EBITDA <sup>(1)</sup> |                                        |                                   | Operating profit before exceptionals |                                        |                                   |
|----------------------------------------------------------------|-----------------------------|----------------------------------------|-----------------------------------|--------------------------------|----------------------------------------|-----------------------------------|--------------------------------------|----------------------------------------|-----------------------------------|
|                                                                | Unaudited Interim June 2022 | Unaudited Interim June 2021 (restated) | Audited Full Year 2021 (restated) | Unaudited Interim June 2022    | Unaudited Interim June 2021 (restated) | Audited Full Year 2021 (restated) | Unaudited Interim June 2022          | Unaudited Interim June 2021 (restated) | Audited Full Year 2021 (restated) |
|                                                                | \$m                         | \$m                                    | \$m                               | \$m                            | \$m                                    | \$m                               | \$m                                  | \$m                                    | \$m                               |
| Projects                                                       | 990.0                       | 1,167.8                                | 2,339.8                           | 81.3                           | 88.3                                   | 167.7                             | 16.3                                 | 16.1                                   | 26.4                              |
| Operations                                                     | 1,176.9                     | 998.5                                  | 2,098.1                           | 94.0                           | 107.1                                  | 225.1                             | 49.3                                 | 53.3                                   | 113.0                             |
| Consulting (restated) <sup>(4)</sup>                           | 302.7                       | 296.7                                  | 599.2                             | 39.1                           | 39.3                                   | 77.2                              | 20.4                                 | 19.8                                   | 40.7                              |
| Built Environment Consulting (discontinued) <sup>(4)</sup>     | 596.3                       | 580.7                                  | 1,188.3                           | 65.2                           | 66.7                                   | 149.6                             | 65.2                                 | 41.2                                   | 98.4                              |
| Investment Services                                            | 91.3                        | 106.7                                  | 200.6                             | 8.6                            | (7.6)                                  | 10.9                              | 5.8                                  | (9.8)                                  | 6.6                               |
| Central costs <sup>(2)</sup>                                   | -                           | -                                      | -                                 | (38.2)                         | (32.2)                                 | (76.6)                            | (51.1)                               | (34.4)                                 | (93.1)                            |
| <b>Total Group</b>                                             | <b>3,157.2</b>              | <b>3,150.4</b>                         | <b>6,426.0</b>                    | <b>250.0</b>                   | <b>261.6</b>                           | <b>553.9</b>                      | <b>105.9</b>                         | <b>86.2</b>                            | <b>192.0</b>                      |
| Elimination of discontinued operation <sup>(4)</sup>           | (596.3)                     | (580.7)                                | (1,188.3)                         | (65.2)                         | (66.7)                                 | (149.6)                           | (65.2)                               | (41.2)                                 | (98.4)                            |
| <b>Total (continuing operations)</b>                           | <b>2,560.9</b>              | <b>2,569.7</b>                         | <b>5,237.7</b>                    | <b>184.8</b>                   | <b>194.9</b>                           | <b>404.3</b>                      | <b>40.7</b>                          | <b>45.0</b>                            | <b>93.6</b>                       |
| <b>Exceptional items</b>                                       |                             |                                        |                                   |                                |                                        |                                   | <b>(11.0)</b>                        | <b>(15.3)</b>                          | <b>(155.7)</b>                    |
| <b>Operating profit/(loss)</b>                                 |                             |                                        |                                   |                                |                                        |                                   | <b>29.7</b>                          | <b>29.7</b>                            | <b>(62.1)</b>                     |
| Finance income                                                 |                             |                                        |                                   |                                |                                        |                                   | <b>2.9</b>                           | <b>5.8</b>                             | <b>3.3</b>                        |
| Finance expense                                                |                             |                                        |                                   |                                |                                        |                                   | <b>(64.1)</b>                        | <b>(53.9)</b>                          | <b>(113.2)</b>                    |
| <b>Loss before taxation from continuing operations</b>         |                             |                                        |                                   |                                |                                        |                                   | <b>(31.5)</b>                        | <b>(18.4)</b>                          | <b>(172.0)</b>                    |
| Taxation                                                       |                             |                                        |                                   |                                |                                        |                                   | <b>32.0</b>                          | <b>(23.8)</b>                          | <b>(41.5)</b>                     |
| <b>Profit/(loss) for the period from continuing operations</b> |                             |                                        |                                   |                                |                                        |                                   | <b>0.5</b>                           | <b>(42.2)</b>                          | <b>(213.5)</b>                    |
| Profit from discontinued operation, net of tax                 |                             |                                        |                                   |                                |                                        |                                   | <b>88.4</b>                          | <b>30.8</b>                            | <b>78.0</b>                       |
| <b>Profit/(loss) for the period</b>                            |                             |                                        |                                   |                                |                                        |                                   | <b>88.9</b>                          | <b>(11.4)</b>                          | <b>(135.5)</b>                    |

**Notes**

1. A reconciliation of operating profit to Adjusted EBITDA is provided in the table below. Adjusted EBITDA is provided as it is a unit of measurement used by the Group in the management of its business. Adjusted EBITDA is stated before exceptional items (see note 4).
2. Central includes the costs of certain management personnel, along with an element of Group infrastructure costs.
3. Revenue arising from sales between segments is not material and does not include the impact of the exceptional item disclosed on the face of the income statement of \$8.0m (December 2021: \$25.4m) which is in respect of revenue for the Projects and Investment Services operating segments.

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**2. Segmental reporting (continued)**

4. The Group's Built Environment Consulting business, shown by operating segment named 'Built Environment Consulting' was previously included within the Consulting segment. Built Environment Consulting has been classified as a discontinued operation for the period ending 30 June 2022 (see note 6) and the comparative periods have been restated to show the results of this discontinued operation.

**Reconciliation of Alternative Performance Measures**

|                                                                  | <b>Unaudited<br/>Interim<br/>June 2022</b> | Unaudited<br>Interim<br>June 2021<br>(restated) | Audited<br>Full Year<br>December 2021<br>(restated) |
|------------------------------------------------------------------|--------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
|                                                                  | <b>\$m</b>                                 | <b>\$m</b>                                      | <b>\$m</b>                                          |
| <b>Operating profit/(loss) per income statement (continuing)</b> | <b>29.7</b>                                | 29.7                                            | (62.1)                                              |
| Exceptional items (note 4)                                       | <b>11.0</b>                                | 15.3                                            | 155.7                                               |
| <b>Operating profit before exceptionals (continuing)</b>         | <b>40.7</b>                                | 45.0                                            | 93.6                                                |
| <b>Operating profit/(loss) per income statement (continuing)</b> | <b>29.7</b>                                | 29.7                                            | (62.1)                                              |
| Share of joint venture finance expense and tax                   | <b>5.2</b>                                 | 4.9                                             | 15.3                                                |
| Exceptional items (note 4)                                       | <b>11.0</b>                                | 15.3                                            | 155.7                                               |
| Amortisation (including joint ventures)                          | <b>80.7</b>                                | 84.3                                            | 169.1                                               |
| Depreciation (including joint ventures)                          | <b>14.2</b>                                | 17.3                                            | 35.1                                                |
| Depreciation of right of use assets                              | <b>43.6</b>                                | 43.4                                            | 85.9                                                |
| Impairment of PP&E and right of use assets                       | <b>0.4</b>                                 | -                                               | 5.3                                                 |
| <b>Adjusted EBITDA (continuing operations)</b>                   | <b>184.8</b>                               | 194.9                                           | 404.3                                               |
| <b>Discontinued operation</b>                                    |                                            |                                                 |                                                     |
| <b>Operating profit (discontinued)</b>                           | <b>43.1</b>                                | 38.5                                            | 94.4                                                |
| Exceptional items (note 6)                                       | <b>22.1</b>                                | 2.7                                             | 4.0                                                 |
| Amortisation (including joint ventures)                          | -                                          | 11.3                                            | 22.6                                                |
| Depreciation (including joint ventures)                          | -                                          | 2.1                                             | 4.0                                                 |
| Depreciation of right of use assets                              | -                                          | 12.1                                            | 23.9                                                |
| Impairment of PP&E and right of use assets                       | -                                          | -                                               | 0.7                                                 |
| <b>Adjusted EBITDA (discontinued operation)</b>                  | <b>65.2</b>                                | 66.7                                            | 149.6                                               |
| <b>Total Group Adjusted EBITDA</b>                               | <b>250.0</b>                               | 261.6                                           | 553.9                                               |

Depreciation in respect of joint ventures totals \$2.1m (June 2021: \$2.1m), depreciation in respect of joint venture right of use assets totals \$3.4m (June 2021: \$4.1m) and joint venture amortisation amounts to \$0.8m (June 2021: \$0.9m).

| <b>Analysis of joint venture profits by segment</b> | <b>Adjusted EBITDA</b>                         |                                      |                                 | <b>Operating profit</b>                        |                                      |                                 |
|-----------------------------------------------------|------------------------------------------------|--------------------------------------|---------------------------------|------------------------------------------------|--------------------------------------|---------------------------------|
|                                                     | <b>Unaudited<br/>Interim<br/>June<br/>2022</b> | Unaudited<br>Interim<br>June<br>2021 | Audited<br>Full<br>Year<br>2021 | <b>Unaudited<br/>Interim<br/>June<br/>2022</b> | Unaudited<br>Interim<br>June<br>2021 | Audited<br>Full<br>Year<br>2021 |
|                                                     | <b>\$m</b>                                     | <b>\$m</b>                           | <b>\$m</b>                      | <b>\$m</b>                                     | <b>\$m</b>                           | <b>\$m</b>                      |
| Projects                                            | <b>2.2</b>                                     | 0.7                                  | 3.5                             | <b>2.0</b>                                     | 0.6                                  | 3.2                             |
| Operations                                          | <b>20.2</b>                                    | 23.1                                 | 57.1                            | <b>14.1</b>                                    | 16.1                                 | 43.5                            |
| Consulting                                          | -                                              | 0.2                                  | 0.1                             | -                                              | 0.2                                  | 0.1                             |
| <b>Total</b>                                        | <b>22.4</b>                                    | 24.0                                 | 60.7                            | <b>16.1</b>                                    | 16.9                                 | 46.8                            |

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**3. Revenue**

In the following table, revenue is disaggregated by primary geographical market and major service line. The tables provided below analyses total revenue excluding our share of joint venture revenue.

|                                                     | Projects     | Projects       | Operations     | Operations   | Consulting   | Consulting              | Built<br>Environment<br>Consulting<br>(discontinued) | Built<br>Environment<br>Consulting<br>(discontinued) | IVS         | IVS          | Total          | Total          |
|-----------------------------------------------------|--------------|----------------|----------------|--------------|--------------|-------------------------|------------------------------------------------------|------------------------------------------------------|-------------|--------------|----------------|----------------|
| Primary<br>geographical<br>market                   | June 2022    | June 2021      | June 2022      | June 2021    | June 2022    | June 2021<br>(restated) | June 2022                                            | June 2021                                            | June 2022   | June 2021    | June 2022      | June 2021      |
|                                                     | \$m          | \$m            | \$m            | \$m          | \$m          | \$m                     | \$m                                                  | \$m                                                  | \$m         | \$m          | \$m            | \$m            |
| US                                                  | 261.6        | 466.8          | 223.1          | 228.8        | 116.5        | 94.3                    | 369.9                                                | 380.9                                                | 124.9       | 60.6         | 1,096.0        | 1,231.4        |
| Europe                                              | 193.0        | 171.1          | 410.4          | 353.3        | 83.4         | 83.5                    | 54.3                                                 | 53.4                                                 | (44.0)      | 29.4         | 697.1          | 690.7          |
| Rest of the world                                   | 535.4        | 529.9          | 543.4          | 416.4        | 102.8        | 118.9                   | 172.1                                                | 146.4                                                | 10.4        | 16.7         | 1,364.1        | 1,228.3        |
| <b>Total revenue</b>                                | <b>990.0</b> | <b>1,167.8</b> | <b>1,176.9</b> | <b>998.5</b> | <b>302.7</b> | <b>296.7</b>            | <b>596.3</b>                                         | <b>580.7</b>                                         | <b>91.3</b> | <b>106.7</b> | <b>3,157.2</b> | <b>3,150.4</b> |
| <b>Major service lines</b>                          |              |                |                |              |              |                         |                                                      |                                                      |             |              |                |                |
| Conventional<br>Energy                              | 314.8        | 260.2          | 956.2          | 757.1        | 135.1        | 132.7                   | -                                                    | -                                                    | -           | -            | 1,406.1        | 1,150.0        |
| Process and<br>Chemicals                            | 305.4        | 412.8          | 98.5           | 113.0        | 23.9         | 37.4                    | -                                                    | -                                                    | -           | -            | 427.8          | 563.2          |
| Built Environment<br>Renewables and<br>other energy | 37.5         | 59.9           | 35.9           | -            | 23.6         | 11.0                    | 596.3                                                | 580.7                                                | 16.3        | 18.3         | 709.6          | 669.9          |
|                                                     | 332.3        | 434.9          | 86.3           | 128.4        | 120.1        | 115.6                   | -                                                    | -                                                    | 75.0        | 88.4         | 613.7          | 767.3          |
| <b>Total revenue</b>                                | <b>990.0</b> | <b>1,167.8</b> | <b>1,176.9</b> | <b>998.5</b> | <b>302.7</b> | <b>296.7</b>            | <b>596.3</b>                                         | <b>580.7</b>                                         | <b>91.3</b> | <b>106.7</b> | <b>3,157.2</b> | <b>3,150.4</b> |

The Group's revenue is largely derived from the provision of services over time.

For the 6 months to 30 June 2022, 78% (June 2021: 73%) of the Group's total revenue (including discontinued operations) came from reimbursable contracts and 22% (June 2021: 27%) from lump sum contracts. The calculation of revenue from lump sum contracts is based on estimates and the amount recognised could increase or decrease.

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**3. Revenue (continued)**

| Continuing operations                       |                                             |                                        | Discontinued operations                     |                                             |                                        | Total                                       |                                             |                                        |
|---------------------------------------------|---------------------------------------------|----------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------|
| Unaudited<br>Interim<br>June<br>2022<br>\$m | Unaudited<br>Interim<br>June<br>2021<br>\$m | Audited<br>Full<br>Year<br>2021<br>\$m | Unaudited<br>Interim<br>June<br>2022<br>\$m | Unaudited<br>Interim<br>June<br>2021<br>\$m | Audited<br>Full<br>Year<br>2021<br>\$m | Unaudited<br>Interim<br>June<br>2022<br>\$m | Unaudited<br>Interim<br>June<br>2021<br>\$m | Audited<br>Full<br>Year<br>2021<br>\$m |
| <b>Total<br/>revenue</b>                    | <b>2,560.9</b>                              | 2,569.7                                | <b>596.3</b>                                | 580.7                                       | 1,188.3                                | <b>3,157.2</b>                              | 3,150.4                                     | 6,426.0                                |

Total revenue does not reflect the \$8.0m (December 2021: \$25.4m) exceptional item as disclosed on the Income Statement. This exceptional item is relating to the Projects and Investment Services business units respectively.

**Contract assets and liabilities**

The following table provides a summary of receivables, contract assets and contract liabilities arising from the Group's contracts with customers, which are not held for sale at 30 June 2022:

|                                  | Unaudited<br>Interim<br>June 2022<br>\$m | Unaudited<br>Interim<br>June 2021<br>\$m | Audited<br>Full Year<br>December 2021<br>\$m |
|----------------------------------|------------------------------------------|------------------------------------------|----------------------------------------------|
| Trade receivables                | <b>594.1</b>                             | 666.4                                    | 729.6                                        |
| Non-current contract assets      | <b>74.6</b>                              | 128.3                                    | 66.5                                         |
| Gross amounts due from customers | <b>489.8</b>                             | 685.5                                    | 628.1                                        |
| Gross amounts due to customers   | <b>(115.2)</b>                           | (216.4)                                  | (202.5)                                      |
|                                  | <b>1,043.3</b>                           | 1,263.8                                  | 1,221.7                                      |

The contract asset balances include amounts the Group has invoiced to customers (trade receivables) as well as amounts where the Group has the right to receive consideration for work completed which has not been billed at the reporting date (gross amounts due from customers). Gross amounts due from customers are transferred to trade receivables when the rights become unconditional which usually occurs when the customer is invoiced. Gross amounts due to customers and deferred income primarily relates to advance consideration received from customers, for which revenue is recognised over time.

Trade receivables reduced by \$135.5m since December 2021 and this is primarily due to the Built Environment Consulting business being reclassified as held for sale in 2022. Gross amounts due from customers has reduced by \$138.3m to \$489.8m. The reduction is largely explained by the held for sale reclassification booked of \$124.1m and progress being made on the Aegis contract leading to higher non-current contract assets. Gross amounts due to customers reduced by \$87.3 million and this is primarily explained by the held for sale reclassification booked of \$52.8 million and the unwind of advances received from customers.

Non-current contract assets of \$74.6m (December 2021: \$66.5m) includes \$58.2m of gross amounts due from customers and \$16.4m of trade receivables, both of which are in relation to the Aegis contract. Refer to note 12 for further details.

Trade receivables and gross amounts due from customers are included within the 'Trade and other receivables' heading in the Group balance sheet. Gross amounts due to customers and deferred income is included within the 'Trade and other payables' heading in the Group balance sheet.

Revenue recognised in 2022 which was included in gross amounts due to customers and deferred income at the beginning of the year of \$189.1m represents amounts included within contract liabilities at 1 January 2022. Revenue recognised from performance obligations satisfied in previous periods of \$10.6m (June 2021: \$55.9m) represents revenue recognised in 2022 for performance obligations which were considered operationally complete at 31 December 2021.

As at 30 June 2022, the Group had received \$198.4m (June 2021: \$198.4m) of cash relating to a non-recourse financing arrangement with one of its banks. An equivalent amount of trade receivables was derecognised on receipt of the cash.

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**3. Revenue (continued)**

**Transaction price allocated to the remaining performance obligations**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2022 was as follows:

| \$m                             | Year 1  | Year 2  | Year 3  | Total          |
|---------------------------------|---------|---------|---------|----------------|
| Revenue (continuing operations) | 2,309.5 | 2,240.5 | 1,329.1 | <b>5,879.1</b> |

The Group has not adopted the practical expedients permitted by IFRS 15, therefore all contracts which have an original expected duration of one year or less have been included in the table above. The estimate of the transaction price does not include any amounts of variable consideration which are constrained. Amounts disclosed above include continuing operations only.

**4. Exceptional items**

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

|                                                                                     | Unaudited<br>Interim<br>June 2022<br>\$m | Unaudited<br>Interim<br>June 2021<br>\$m | Audited<br>Full Year<br>December 2021<br>\$m |
|-------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|----------------------------------------------|
| <b>Exceptional items included in continuing operations</b>                          |                                          |                                          |                                              |
| Aegis contract loss (revenue)                                                       | -                                        | -                                        | 25.4                                         |
| Aegis contract loss (cost of sales)                                                 | -                                        | -                                        | 73.9                                         |
| Power and Industrial EPC losses (revenue)                                           | <b>8.0</b>                               | -                                        | -                                            |
| Power and Industrial EPC losses (cost of sales)                                     | <b>12.3</b>                              | -                                        | -                                            |
| Gain on divestment of business                                                      | -                                        | (14.6)                                   | (14.4)                                       |
| Redundancy, restructuring and integration costs                                     | <b>15.3</b>                              | 38.3                                     | 73.9                                         |
| Investigation support costs                                                         | <b>(2.8)</b>                             | -                                        | -                                            |
| Asbestos yield curve and costs                                                      | <b>(21.8)</b>                            | (8.4)                                    | (3.1)                                        |
| <b>Exceptional items included in continuing operations, before interest and tax</b> | <b>11.0</b>                              | 15.3                                     | 155.7                                        |
| Unwinding of discount on asbestos provision                                         | <b>2.8</b>                               | 2.8                                      | 6.3                                          |
| Tax credit in relation to exceptional items                                         | <b>(4.6)</b>                             | (1.8)                                    | (1.2)                                        |
| Impact of change in UK rate on prior year exceptional deferred tax                  | -                                        | 10.9                                     | 10.3                                         |
| Recognition of deferred tax assets due to UK pension actuarial movements            | <b>(59.6)</b>                            | -                                        | -                                            |
| <b>Exceptional items included in continuing operations, net of interest and tax</b> | <b>(50.4)</b>                            | 27.2                                     | 171.1                                        |

During the period to 30 June 2022, \$15.3m was incurred in relation to redundancy, restructuring and integration. These relate to the Group wide Future Fit Programme which was set up to accelerate the Group's strategic priorities to unlock growth, deliver efficiency and create value.

The Power and Industrial EPC losses relates to events in 2022 which resulted in a further write down of fixed price contracts in the Power and Industrial EPC business, following the strategic decision to exit this market during 2021. By virtue of its size and nature of these projects being within a sector that the Group no longer operates, this was recorded as an exceptional charge through revenue and cost of sales. The negative revenue of \$8.0 million represents the impact of a reduction in total value of the contract and is in relation to revenue recognised in prior years.

All asbestos costs have been treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are out with the Group's control. Excluding these charges from the trading results improves the understandability of the underlying trading performance of the Group. The credit of \$21.8m in 2022 comprises of a \$23.8m yield curve credit (2021: \$9.6m) and \$2.0m (2021: \$1.2m) of costs in relation to managing the claims. The 30-year US Treasury rate has increased to 3.14%, from 1.90% at the end of December 2021, and led to the income statement credit. \$2.8m of interest costs which relate to the unwinding of discount on the asbestos provision are shown as exceptional.



**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**4. Exceptional items (continued)**

An exceptional tax credit of \$64.2m (June 2021: \$9.1m charge) has been recorded in continuing operations during the period. It consists of a tax credit of \$4.6m on exceptional items (June 2021: \$1.8m) and an exceptional credit of \$59.6m recognised due to the actuarial gain in relation to the UK defined benefit pension scheme. As deferred tax liabilities support the recognition of deferred tax assets, the additional \$59.6m of deferred tax assets have been recognised through exceptional items based on its size.

**5. Dividends**

No decision has been taken to resume the dividend and this will be kept under review by the directors. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.

**6. Discontinued operation**

The Board concluded in January 2022 that a sale of the Built Environment Consulting business was the best option to deliver value to our shareholders and in June 2022, the Group formally announced it had reached an agreement to sell the business which is now included within the Built Environment Consulting operating segment, following the strategic review outlined in the 2021 Annual Report.

The Built Environment Consulting business was not previously classified as held-for-sale or as a discontinued operation as the conditions under IFRS 5 were not met until January 2022. The comparative Group income statement and statement of comprehensive income have been restated to show the discontinued operation separately from continuing operations.

It is anticipated the completion of the sale will take place in the second half of 2022 and will allow the Group to strengthen its balance sheet position. The impact on the group balance sheet due to the Built Environment Consulting disposal group being classified as held for sale is detailed in note 13.

**(i) Results of discontinued operation**

|                                                       | Note | Unaudited<br>Interim<br>June 2022<br>\$m | Unaudited<br>Interim<br>June 2021<br>\$m | Audited<br>Full Year<br>December 2021<br>\$m |
|-------------------------------------------------------|------|------------------------------------------|------------------------------------------|----------------------------------------------|
| External revenue                                      |      | 596.3                                    | 580.7                                    | 1,188.3                                      |
| Cost of sales                                         |      | (503.5)                                  | (506.5)                                  | (1,024.1)                                    |
| <b>Gross profit</b>                                   |      | <b>92.8</b>                              | 74.2                                     | 164.2                                        |
| Administrative expenses                               |      | (27.6)                                   | (33.0)                                   | (65.8)                                       |
| Exceptional items – administrative expenses           |      | (22.1)                                   | (2.7)                                    | (4.0)                                        |
| <b>Operating profit</b>                               |      | <b>43.1</b>                              | 38.5                                     | 94.4                                         |
| Finance expense                                       |      | (1.2)                                    | (1.7)                                    | (3.0)                                        |
| <b>Profit before tax</b>                              |      | <b>41.9</b>                              | 36.8                                     | 91.4                                         |
| Taxation                                              |      | (6.5)                                    | (6.0)                                    | (13.4)                                       |
| Exceptional items – taxation                          |      | 53.0                                     | -                                        | -                                            |
| <b>Profit from discontinued operation, net of tax</b> |      | <b>88.4</b>                              | 30.8                                     | 78.0                                         |
| <b>Earnings per share (cents)</b>                     |      |                                          |                                          |                                              |
| Basic                                                 | 7    | 13.0                                     | 4.6                                      | 11.6                                         |
| Diluted                                               | 7    | 12.5                                     | 4.6                                      | 11.6                                         |

The profit from the discontinued operation, net of tax of \$88.4m (June 2021: \$30.8m) is attributable entirely to the owners of the Company.

During the period to 30 June 2022, the Group incurred \$22.1m of costs in relation to the disposal of the Built Environment Consulting business, which have been treated as exceptional items within administrative expenses. These primarily relates to legal and professional fees.

Also included within exceptional items is a \$53.0m tax credit relating to the recognition of deferred tax assets in the United States. This reflects the likely use of attributes against the gain on disposal following the agreement to dispose of the Built Environment Consulting business. The disposal is expected to complete during the second half of 2022.

The results of the discontinued operation contained in the table above excludes the impact of intercompany transactions with the rest of the Group. Intercompany revenue of \$18.0m (June 2021: \$13.9m, December 2021: \$37.6m) was generated by the discontinued operation in the period.

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**6. Discontinued operation (continued)**

**(ii) Cash flows from / (used in) discontinued operation**

|                                              | Note | Unaudited<br>Interim<br>June 2022<br>\$m | Unaudited<br>Interim<br>June 2021<br>\$m | Audited<br>Full Year<br>December 2021<br>\$m |
|----------------------------------------------|------|------------------------------------------|------------------------------------------|----------------------------------------------|
| Net cash generated from operating activities |      | (6.2)                                    | 31.6                                     | 106.6                                        |
| Net cash used in investing activities        |      | (3.3)                                    | (2.9)                                    | (6.1)                                        |
| <b>Net cash flows for the period</b>         |      | <b>(9.5)</b>                             | <b>28.7</b>                              | <b>100.5</b>                                 |

**7. Earnings per share**

|                                                        | Unaudited Interim<br>June 2022                                              |                                   |                                  | Unaudited Interim<br>June 2021                                             |                                   |                                  | Audited Full Year<br>December 2021                                         |                                   |                                  |
|--------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------|----------------------------------|----------------------------------------------------------------------------|-----------------------------------|----------------------------------|----------------------------------------------------------------------------|-----------------------------------|----------------------------------|
|                                                        | Earnings/<br>(losses)<br>attributable<br>to equity<br>shareholders<br>(\$m) | Number<br>of shares<br>(millions) | Earnings<br>per share<br>(cents) | Earnings<br>(losses)<br>attributable<br>to equity<br>shareholders<br>(\$m) | Number<br>of shares<br>(millions) | Earnings<br>per share<br>(cents) | Earnings<br>(losses)<br>attributable<br>to equity<br>shareholders<br>(\$m) | Number<br>of shares<br>(millions) | Earnings<br>per share<br>(cents) |
| <b>Basic pre-exceptional</b>                           | <b>7.2</b>                                                                  | <b>678.8</b>                      | <b>1.1</b>                       | 18.1                                                                       | 673.9                             | 2.7                              | 35.6                                                                       | 675.6                             | 5.3                              |
| Exceptional items, net of tax                          | 81.3                                                                        | -                                 | 11.9                             | (29.9)                                                                     | -                                 | (4.4)                            | (175.1)                                                                    | -                                 | (25.9)                           |
| <b>Basic</b>                                           | <b>88.5</b>                                                                 | <b>678.8</b>                      | <b>13.0</b>                      | (11.8)                                                                     | 673.9                             | (1.7)                            | (139.5)                                                                    | 675.6                             | (20.6)                           |
| Effect of dilutive ordinary shares                     | -                                                                           | 27.3                              | (0.5)                            | -                                                                          | -                                 | -                                | -                                                                          | -                                 | -                                |
| <b>Diluted</b>                                         | <b>88.5</b>                                                                 | <b>706.1</b>                      | <b>12.5</b>                      | (11.8)                                                                     | 673.9                             | (1.7)                            | (139.5)                                                                    | 675.6                             | (20.6)                           |
| <b>Adjusted diluted earnings per share calculation</b> |                                                                             |                                   |                                  |                                                                            |                                   |                                  |                                                                            |                                   |                                  |
| <b>Basic</b>                                           | <b>88.5</b>                                                                 | <b>678.8</b>                      | <b>13.0</b>                      | (11.8)                                                                     | 673.9                             | (1.7)                            | (139.5)                                                                    | 675.6                             | (20.6)                           |
| <b>Effect of dilutive ordinary shares</b>              | <b>-</b>                                                                    | <b>27.3</b>                       | <b>(0.5)</b>                     | <b>-</b>                                                                   | <b>-</b>                          | <b>-</b>                         | <b>-</b>                                                                   | <b>-</b>                          | <b>-</b>                         |
| <b>Diluted</b>                                         | <b>88.5</b>                                                                 | <b>706.1</b>                      | <b>12.5</b>                      | (11.8)                                                                     | 673.9                             | (1.7)                            | (139.5)                                                                    | 675.6                             | (20.6)                           |
| Exceptional items, net of tax                          | (81.3)                                                                      | -                                 | (11.5)                           | 29.9                                                                       | -                                 | 4.4                              | 175.1                                                                      | -                                 | 25.9                             |
| Amortisation of intangibles on acquisition, net of tax | 33.2                                                                        | -                                 | 4.7                              | 41.5                                                                       | -                                 | 6.2                              | 82.7                                                                       | -                                 | 12.2                             |
| <b>Adjusted diluted</b>                                | <b>40.4</b>                                                                 | <b>706.1</b>                      | <b>5.7</b>                       | 59.6                                                                       | 673.9                             | 8.9                              | 118.3                                                                      | 675.6                             | 17.5                             |
| Adjusted basic                                         | 40.4                                                                        | 678.8                             | 6.0                              | 59.6                                                                       | 673.9                             | 8.9                              | 118.3                                                                      | 675.6                             | 17.5                             |

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**7. Earnings per share (continued)**

**i) Earnings/(losses) attributable to equity shareholders**

|                                                                               | Unaudited Interim<br>June 2022  |                                   |              | Unaudited Interim<br>June 2021                |                                                 |                            | Audited Full Year<br>December 2021            |                                                 |                            |
|-------------------------------------------------------------------------------|---------------------------------|-----------------------------------|--------------|-----------------------------------------------|-------------------------------------------------|----------------------------|-----------------------------------------------|-------------------------------------------------|----------------------------|
|                                                                               | Continuing<br>operations<br>\$m | Discontinued<br>operations<br>\$m | Total<br>\$m | Continuing<br>operations<br>(restated)<br>\$m | Discontinued<br>operations<br>(restated)<br>\$m | Total<br>(restated)<br>\$m | Continuing<br>operations<br>(restated)<br>\$m | Discontinued<br>operations<br>(restated)<br>\$m | Total<br>(restated)<br>\$m |
| Earnings/(losses) attributable to equity shareholders (basic pre-exceptional) | (50.3)                          | 57.5                              | 7.2          | (15.4)                                        | 33.5                                            | 18.1                       | (46.4)                                        | 82.0                                            | 35.6                       |
| Exceptional items, net of tax                                                 | 50.4                            | 30.9                              | 81.3         | (27.2)                                        | (2.7)                                           | (29.9)                     | (171.1)                                       | (4.0)                                           | (175.1)                    |
| Earnings/(losses) attributable to equity shareholders                         | 0.1                             | 88.4                              | 88.5         | (42.6)                                        | 30.8                                            | (11.8)                     | (217.5)                                       | 78.0                                            | (139.5)                    |
| Number of shares (basic)                                                      | 678.8                           | 678.8                             | 678.8        | 673.9                                         | 673.9                                           | 673.9                      | 675.6                                         | 675.6                                           | 675.6                      |
| Number of shares (diluted)                                                    | 706.1                           | 706.1                             | 706.1        | 673.9                                         | 673.9                                           | 673.9                      | 675.6                                         | 675.6                                           | 675.6                      |
| <b>Basic earnings per share (cents)</b>                                       | <b>0.0</b>                      | <b>13.0</b>                       | <b>13.0</b>  | <b>(6.3)</b>                                  | <b>4.6</b>                                      | <b>(1.7)</b>               | <b>(32.2)</b>                                 | <b>11.6</b>                                     | <b>(20.6)</b>              |
| <b>Diluted earnings per share (cents)</b>                                     | <b>0.0</b>                      | <b>12.5</b>                       | <b>12.5</b>  | <b>(6.3)</b>                                  | <b>4.6</b>                                      | <b>(1.7)</b>               | <b>(32.2)</b>                                 | <b>11.6</b>                                     | <b>(20.6)</b>              |
| Earnings/(losses) attributable to equity shareholders (diluted)               | 0.1                             | 88.4                              | 88.5         | (42.6)                                        | 30.8                                            | (11.8)                     | (217.5)                                       | 78.0                                            | (139.5)                    |
| Exceptional items, net of tax                                                 | (50.4)                          | (30.9)                            | (81.3)       | 27.2                                          | 2.7                                             | 29.9                       | 171.1                                         | 4.0                                             | 175.1                      |
| Amortisation of intangibles on acquisition, net of tax                        | 33.2                            | -                                 | 33.2         | 30.3                                          | 11.2                                            | 41.5                       | 60.8                                          | 21.9                                            | 82.7                       |
| Earnings/(losses) attributable to equity shareholders (adjusted diluted)      | (17.1)                          | 57.5                              | 40.4         | 14.9                                          | 44.7                                            | 59.6                       | 14.4                                          | 103.9                                           | 118.3                      |
| Earnings/(losses) attributable to equity shareholders (adjusted basic)        | (17.1)                          | 57.5                              | 40.4         | 14.9                                          | 44.7                                            | 59.6                       | 14.4                                          | 103.9                                           | 118.3                      |
| Number of shares (diluted)                                                    | 706.1                           | 706.1                             | 706.1        | 673.9                                         | 673.9                                           | 673.9                      | 675.6                                         | 675.6                                           | 675.6                      |
| Number of shares (basic)                                                      | 678.8                           | 678.8                             | 678.8        | 673.9                                         | 673.9                                           | 673.9                      | 675.6                                         | 675.6                                           | 675.6                      |
| Adjusted diluted (cents)                                                      | (2.4)                           | 8.1                               | 5.7          | 2.2                                           | 6.7                                             | 8.9                        | 2.1                                           | 15.4                                            | 17.5                       |
| Adjusted basic (cents)                                                        | (2.5)                           | 8.5                               | 6.0          | 2.2                                           | 6.7                                             | 8.9                        | 2.1                                           | 15.4                                            | 17.5                       |

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, only when there is a profit per share. The Group's dilutive ordinary shares comprise share options granted to employees under Executive Share Option Schemes and the Long Term Retention Plan, shares and share options awarded under the Group's Long Term Plan and shares awarded under the Group's Employee Share Plan. Adjusted basic and adjusted diluted earnings per share are disclosed to show the results excluding the impact of exceptional items and acquisition related amortisation, net of tax.

In the comparative periods, the Group reported a basic loss per ordinary share, therefore the effect of dilutive ordinary shares are excluded in the calculation of diluted earnings per share. Where profits have been made when disaggregating discontinued and continuing operations, the calculation of diluted earnings per share was performed on the same basis as the whole Group.

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**8. Taxation**

The effective tax rate for pre-exceptional and amortisation profits is 33.7% (June 2021: 24.1%, December 2021: 26.4%) and has been calculated using full year projections and is applied to the profit before taxation, exceptional items and amortisation for the half year ended 30 June 2022. Consistent with the year ended 31 December 2021, deferred tax in relation to the UK is calculated at a rate of 25% reflecting the substantively enacted rate from 1 April 2023. The table below shows how these rates reconcile to the amounts presented in the income statement.

|                                                                                                                 | <b>Unaudited<br/>Interim<br/>June 2022<br/>\$m</b> | Unaudited<br>Interim<br>June 2021<br>\$m | Audited<br>Full Year<br>December<br>2021<br>\$m |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------------|-------------------------------------------------|
| Loss from continuing operations before tax per the income statement                                             | <b>(31.5)</b>                                      | (18.4)                                   | (172.0)                                         |
| Profit from discontinued operations (note 6)                                                                    | <b>41.9</b>                                        | 36.8                                     | 91.4                                            |
| Joint venture tax                                                                                               | <b>3.1</b>                                         | 3.1                                      | 11.7                                            |
| Amortisation (excluding joint ventures)                                                                         | <b>79.9</b>                                        | 94.7                                     | 189.9                                           |
| Exceptional items (continuing operations)                                                                       | <b>13.8</b>                                        | 18.1                                     | 162.0                                           |
| Exceptional items (discontinued operations)                                                                     | <b>22.1</b>                                        | 2.7                                      | 4.0                                             |
| <b>Profit for the period before tax, amortisation and exceptional items (including share of joint ventures)</b> | <b>129.3</b>                                       | 137.0                                    | 287.0                                           |
| Effective tax rate on profit for the period (excluding tax charge on exceptional items and amortisation)        | <b>33.7%</b>                                       | 24.1%                                    | 26.4%                                           |
| Tax charge (excluding tax on exceptional items and amortisation)                                                | <b>43.6</b>                                        | 33.1                                     | 75.7                                            |
| Joint venture tax                                                                                               | <b>(3.1)</b>                                       | (3.1)                                    | (11.7)                                          |
| Tax (credit)/charge in relation to continuing exceptional items                                                 | <b>(4.6)</b>                                       | 9.1                                      | 9.1                                             |
| Recognition of deferred tax assets due to UK pension actuarial movements                                        | <b>(59.6)</b>                                      | -                                        | -                                               |
| Tax credit in relation to amortisation                                                                          | <b>(1.8)</b>                                       | (9.3)                                    | (18.2)                                          |
| Tax charge on discontinued operations                                                                           | <b>(6.5)</b>                                       | (6.0)                                    | (13.4)                                          |
| <b>Tax (credit)/charge from continuing operations per the income statement</b>                                  | <b>(32.0)</b>                                      | 23.8                                     | 41.5                                            |

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**8. Taxation (continued)**

|                                                                                             | <b>Unaudited<br/>Interim<br/>June 2022<br/>\$m</b> | Unaudited<br>Interim<br>June 2021<br>\$m | Audited<br>Full Year<br>December<br>2021<br>\$m |
|---------------------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------------|-------------------------------------------------|
| <b>Reconciliation of applicable tax charge at statutory rates to tax charge</b>             |                                                    |                                          |                                                 |
| Loss before taxation from continuing operations                                             | (31.5)                                             | (18.4)                                   | (172.0)                                         |
| Profit before taxation from discontinued operations                                         | 41.9                                               | 36.8                                     | 91.4                                            |
| Less: Share of post-tax profit from joint ventures                                          | (11.0)                                             | (12.0)                                   | (31.5)                                          |
| Loss/(profit) before taxation from total operations (excluding profits from joint ventures) | (0.6)                                              | 6.4                                      | (112.1)                                         |
| <b>Applicable tax charge at statutory rates</b>                                             | <b>6.3</b>                                         | 5.7                                      | (16.6)                                          |
| Effects of:                                                                                 |                                                    |                                          |                                                 |
| Non-deductible expenses                                                                     | 3.2                                                | 4.1                                      | 11.4                                            |
| Non-taxable income                                                                          | (1.5)                                              | (0.8)                                    | (4.2)                                           |
| Non-deductible expenses - exceptional                                                       | 3.0                                                | 0.2                                      | 1.1                                             |
| Non-taxable income - exceptional                                                            | -                                                  | (2.8)                                    | (3.0)                                           |
| <b>Deferred tax recognition:</b>                                                            |                                                    |                                          |                                                 |
| Recognition of deferred tax assets not previously recognised                                | (55.0)                                             | (7.0)                                    | (19.4)                                          |
| Utilisation of tax assets not previously recognised                                         | (5.2)                                              | (8.8)                                    | (12.7)                                          |
| Current year deferred tax assets not recognised                                             | 22.0                                               | 19.3                                     | 66.9                                            |
| Write off of previously recognised deferred tax assets                                      | 0.1                                                | -                                        | 22.4                                            |
| Recognition of deferred tax assets due to UK pension actuarial movements - exceptional      | (59.6)                                             | -                                        | -                                               |
| Irrecoverable withholding tax                                                               | 6.7                                                | 6.3                                      | 10.4                                            |
| CFC charges                                                                                 | 0.5                                                | 0.6                                      | 2.0                                             |
| Uncertain tax provisions                                                                    | 0.8                                                | 8.3                                      | 23.6                                            |
| Uncertain tax provisions – prior year adjustments                                           | (1.0)                                              | (6.0)                                    | (24.9)                                          |
| Prior year adjustments                                                                      | -                                                  | 0.7                                      | 0.9                                             |
| Prior year adjustments - exceptional                                                        | -                                                  | -                                        | (2.2)                                           |
| Impact of change in rates on deferred tax                                                   | 1.2                                                | 10.0                                     | (0.8)                                           |
| <b>Total tax (credit)/charge</b>                                                            | <b>(78.5)</b>                                      | 29.8                                     | 54.9                                            |
| <b>Comprising</b>                                                                           |                                                    |                                          |                                                 |
| Tax (credit)/charge on continuing operations                                                | (32.0)                                             | 23.8                                     | 41.5                                            |
| Tax (credit)/charge on discontinued operations                                              | (46.5)                                             | 6.0                                      | 13.4                                            |
| <b>Total tax (credit)/charge</b>                                                            | <b>(78.5)</b>                                      | 29.8                                     | 54.9                                            |

*Factors affecting the current tax charge*

As a result of the agreement to dispose of the Built Environment Consulting business, deferred tax assets relating to the United States of \$53.0m have been recognised in exceptional items from discontinued operations reflecting the likely use of attributes against the gain on disposal. Deferred tax in the US is no longer recognised in relation to future forecast profits reflecting the accessible losses anticipated for use against the Built Environment Consulting gain and remaining assets being supported by deferred tax liabilities.

The actuarial gain in relation to the UK defined benefit pension scheme has created an increase in deferred tax liabilities of \$59.6m through Other Comprehensive Income. As deferred tax liabilities support the recognition of deferred tax assets, an additional \$59.6m of deferred tax assets have been recognised through exceptional items in the Income Statement. A credit of \$12.5m of the same nature was included within continuing pre-exceptional profits in 2021. Excluding these items from continuing pre-exceptional profits would have resulted in an effective tax rate in 2021 of 30.8%.

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**8. Taxation (continued)**

*Factors affecting future tax charges*

The introduction of a new minimum tax rate of 15% following OECD agreement will lead to profits being taxed at a higher rate from 2024 onwards. This will primarily impact on operations in the United Arab Emirates and the Group's captive insurance company in Guernsey.

Actuarial valuations of the UK defined benefit pension scheme create volatility in the tax rate due to revaluations of the net pension asset impacting on the related deferred tax liability. This is because the movement in the deferred tax liability in respect of the pension surplus is taken to Other Comprehensive Income whilst the corresponding movement in deferred tax asset recognition is taken to the income statement.

The disposal of the Built Environment Consulting business utilises the accessible US tax attributes, and results in deferred tax liabilities supporting the remaining deferred tax assets. As a result, there will be more limited reductions in the tax rate from the utilisation or recognition of unrecognised deferred assets in the US.

We have started to see governments raising tax rates and tax authorities becoming more aggressive in their audit activity following the Covid pandemic.

**9. Retirement benefit obligations**

The Group operates a number of defined benefit pension schemes which are largely closed to future accrual. The surplus or deficit recognised in respect of each scheme represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of these schemes are held in separate trustee administered funds. As at 30 June 2022, 96.3% (December 2021: 98.0%) of total scheme assets in the principal schemes have quoted prices in active markets.

At 30 June 2022, the largest schemes were the Wood Pension Plan ('WPP'), the Foster Wheeler Inc Salaried Employees Pension Plan ('FW Inc SEPP') and the Foster Wheeler Inc Pension Plan for Certain Employees ('FW Inc PPCE'). An interim revaluation of these schemes has been carried out at 30 June 2022 and the related actuarial gains of \$229.6m (June 2021: gains \$94.1m) are recorded in the Group statement of comprehensive income. The gains are largely a result of an increase in the discount rate in the period and is outlined in the table below. The discount rate is determined by the scheme actuaries and reflects the return on high quality corporate bonds. An increase in the discount rate will decrease the defined benefit obligation.

The Coronavirus Aid, Relief and Economic Security (CARES) Act and the American Rescue Plan Act of 2021 (ARPA) has provided the Group with funding relief on US pension schemes through changes in the assumptions used to determine the ongoing Required Minimum Contributions. As a result of US Treasury guidance, this relief has eliminated \$13.6m of cash contributions which would have otherwise been due in 2022.

No changes to future contribution levels have been agreed for the Wood Pension Plan.

The principal assumptions used in calculating the Group's defined benefit pension schemes are as follows:

|                                        | June<br>2022            | June<br>2022   | June<br>2022   | June<br>2021            | June<br>2021   | June<br>2021   | December<br>2021        | December<br>2021 | December<br>2021 |
|----------------------------------------|-------------------------|----------------|----------------|-------------------------|----------------|----------------|-------------------------|------------------|------------------|
|                                        | Wood<br>Pension<br>Plan | FW Inc<br>SEPP | FW Inc<br>PPCE | Wood<br>Pension<br>Plan | FW Inc<br>SEPP | FW Inc<br>PPCE | Wood<br>Pension<br>Plan | FW Inc<br>SEPP   | FW Inc<br>PPCE   |
|                                        | %                       | %              | %              | %                       | %              | %              | %                       | %                | %                |
| Discount rate                          | 3.8                     | 4.6            | 4.6            | 1.9                     | 2.4            | 2.4            | 1.8                     | 2.6              | 2.6              |
| Rate of retail price index inflation   | 3.1                     | N/A            | N/A            | 3.2                     | N/A            | N/A            | 3.3                     | N/A              | N/A              |
| Rate of consumer price index inflation | 2.6                     | N/A            | N/A            | 2.7                     | N/A            | N/A            | 2.8                     | N/A              | N/A              |

*Sensitivity to discount rate and inflation rate*

The impact of changes to the key assumptions on the retirement benefit obligation is shown below. The sensitivity is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension obligation recognised in the Group balance sheet.

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**9. Retirement benefit obligations (continued)**

|                      | June 2022 | June 2022 | June 2022 | December 2021 | December 2021 | December 2021 |
|----------------------|-----------|-----------|-----------|---------------|---------------|---------------|
|                      | Wood      | FW        | FW        | Wood          | FW            | FW            |
|                      | Pension   | Inc       | Inc       | Pension       | Inc           | Inc           |
|                      | Plan      | SEPP      | PPCE      | Plan          | SEPP          | PPCE          |
|                      | \$m       | \$m       | \$m       | \$m           | \$m           | \$m           |
| <b>Discount rate</b> |           |           |           |               |               |               |
| Plus 0.1%            | (38.6)    | (0.7)     | (1.3)     | (68.4)        | (1.0)         | (1.8)         |
| Minus 0.1%           | 39.5      | 0.7       | 1.3       | 70.2          | 1.0           | 1.9           |
| <b>Inflation</b>     |           |           |           |               |               |               |
| Plus 0.1%            | 22.8      | N/A       | N/A       | 38.5          | N/A           | N/A           |
| Minus 0.1%           | (22.6)    | N/A       | N/A       | (38.3)        | N/A           | N/A           |

Included within the disposal group held for sale in note 13 is a net pension obligation of \$6.7m which is expected to transfer with the buyer on completion. This obligation relates to an individual pension scheme, known as the Law Plan, which is not disclosed separately in the financial statements but was included within the deficit from 'all other schemes' in December 2021.

**10. Other non-current liabilities**

|                                      | Unaudited Interim June 2022 \$m | Unaudited Interim June 2021 \$m | Audited Full Year December 2021 \$m |
|--------------------------------------|---------------------------------|---------------------------------|-------------------------------------|
| Other payables                       | 118.0                           | 197.6                           | 191.7                               |
| Derivative financial instruments     | -                               | 6.6                             | 8.1                                 |
| <b>Other non-current liabilities</b> | <b>118.0</b>                    | <b>204.2</b>                    | <b>199.8</b>                        |

Other payables include \$33.9m (December 2021: \$79.8m) relating to penalties agreed and payable after 1 year to the various authorities as described in note 12. In addition, other payables include \$62.6m (December 2021: \$75.9m) relating to the US SERP pension arrangement and unfavourable leases of \$4.4m (December 2021: \$8.6m). Unfavourable lease liabilities represent non-lease components, such as facilities costs which are not included within the IFRS 16 lease liability.

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**11. Goodwill and other intangible assets**

|                                                       | Goodwill<br>\$m | Software and<br>development costs<br>\$m | Customer contracts and<br>relationships<br>\$m | Order<br>backlog<br>\$m | Brands<br>\$m | Total<br>\$m   |
|-------------------------------------------------------|-----------------|------------------------------------------|------------------------------------------------|-------------------------|---------------|----------------|
| <b>Cost</b>                                           |                 |                                          |                                                |                         |               |                |
| At 1 January 2022                                     | 5,226.2         | 288.8                                    | 815.7                                          | 183.9                   | 661.0         | 7,175.6        |
| Exchange movements                                    | (138.5)         | (39.2)                                   | (13.3)                                         | (2.3)                   | (10.6)        | (203.9)        |
| Additions                                             | -               | 83.0                                     | -                                              | -                       | -             | 83.0           |
| Disposals                                             | -               | (0.8)                                    | -                                              | -                       | -             | (0.8)          |
| Reclassification to assets held for<br>sale (note 13) | (792.2)         | (17.5)                                   | (127.9)                                        | (25.6)                  | (178.6)       | (1,141.8)      |
| <b>At 30 June 2022</b>                                | <b>4,295.5</b>  | <b>314.3</b>                             | <b>674.5</b>                                   | <b>156.0</b>            | <b>471.8</b>  | <b>5,912.1</b> |
| <b>Amortisation and impairment</b>                    |                 |                                          |                                                |                         |               |                |
| At 1 January 2022                                     | 0.8             | 205.7                                    | 581.2                                          | 171.7                   | 140.9         | 1,100.3        |
| Exchange movements                                    | -               | (32.2)                                   | (8.2)                                          | (2.2)                   | (2.4)         | (45.0)         |
| Amortisation charge                                   | -               | 44.9                                     | 10.6                                           | 8.0                     | 16.4          | 79.9           |
| Reclassification to assets held for<br>sale (note 13) | -               | (16.6)                                   | (47.8)                                         | (25.6)                  | (38.0)        | (128.0)        |
| Disposals                                             | -               | (0.8)                                    | -                                              | -                       | -             | (0.8)          |
| <b>At 30 June 2022</b>                                | <b>0.8</b>      | <b>201.0</b>                             | <b>535.8</b>                                   | <b>151.9</b>            | <b>116.9</b>  | <b>1,006.4</b> |
| <b>Net book value at 30 June 2022</b>                 | <b>4,294.7</b>  | <b>113.3</b>                             | <b>138.7</b>                                   | <b>4.1</b>              | <b>354.9</b>  | <b>4,905.7</b> |
|                                                       |                 |                                          |                                                |                         |               |                |
|                                                       | Goodwill<br>\$m | Software and<br>development costs<br>\$m | Customer contracts and<br>relationships<br>\$m | Order<br>backlog<br>\$m | Brands<br>\$m | Total<br>\$m   |
| <b>Cost</b>                                           |                 |                                          |                                                |                         |               |                |
| At 1 January 2021                                     | 5,266.4         | 323.6                                    | 822.2                                          | 184.9                   | 664.4         | 7,261.5        |
| Exchange movements                                    | 6.6             | 3.1                                      | 0.8                                            | 0.1                     | 1.3           | 11.9           |
| Additions                                             | -               | 62.9                                     | -                                              | -                       | -             | 62.9           |
| Disposals                                             | -               | (0.6)                                    | -                                              | -                       | -             | (0.6)          |
| Reclasses                                             | -               | 0.4                                      | -                                              | -                       | -             | 0.4            |
| <b>At 30 June 2021</b>                                | <b>5,273.0</b>  | <b>389.4</b>                             | <b>823.0</b>                                   | <b>185.0</b>            | <b>665.7</b>  | <b>7,336.1</b> |
| <b>Amortisation and impairment</b>                    |                 |                                          |                                                |                         |               |                |
| At 1 January 2021                                     | 0.8             | 245.3                                    | 542.5                                          | 148.3                   | 108.4         | 1,045.3        |
| Exchange movements                                    | -               | 2.1                                      | 0.3                                            | 0.2                     | 0.2           | 2.8            |
| Amortisation charge                                   | -               | 43.9                                     | 22.1                                           | 12.1                    | 16.6          | 94.7           |
| Disposals                                             | -               | (0.6)                                    | -                                              | -                       | -             | (0.6)          |
| <b>At 30 June 2021</b>                                | <b>0.8</b>      | <b>290.7</b>                             | <b>564.9</b>                                   | <b>160.6</b>            | <b>125.2</b>  | <b>1,142.2</b> |
| <b>Net book value at 30 June 2021</b>                 | <b>5,272.2</b>  | <b>98.7</b>                              | <b>258.1</b>                                   | <b>24.4</b>             | <b>540.5</b>  | <b>6,193.9</b> |

Included in the total amortisation charge of \$94.7m for the period to June 2021 is \$11.3m of amortisation now classified within the discontinued operation.

In accordance with IAS 36 'Impairment of assets,' goodwill and other non-current assets were reviewed for indicators of impairment at 30 June 2022. The Group has six CGUs (December 2021: five) including the Built Environment Consulting business and goodwill is monitored by management at the CGU level. The impairment testing that was performed at December 2021 highlighted that a reasonable change in assumptions would have resulted in an impairment for Projects and Operations. The key assumptions used in the impairment model for these CGUs were discount rate, long-term growth rate and revenue growth.

As at 30 June 2022 management identified impairment indicators for the Projects CGU due to its sensitivity to increases in the discount rate. There were no indicators of impairment for the Operations CGU and the other CGUs.



**Notes to the interim financial statements**  
*for the six month period to 30 June 2022*

**11. Goodwill and other intangible assets (continued)**

Increases in the discount and tax rates have led management to perform an impairment review at the Group level, which represents the group of all the CGUs. The Group level impairment review considers the recoverability of unallocated central costs as well as the carrying value of corporate assets.

Updated value-in-use calculations have been prepared for both Group and the Projects CGU as at 30 June 2022, using the cash flow projections included in the financial forecasts prepared by management and approved by the Board for 2022 through to 2026. In preparing the forecasts management have considered market outlook, growth in market share, resource utilisation, contract backlog, contract margins and assumed contract awards. The Group's impairment model assumes annual growth in market share for the majority of sectors between 3% and 6% of its current market share over the forecast period. The cumulative annual growth rates (CAGR) in revenue over the forecast period was 8.4% for the Group and 7.4% for the Projects CGU. If this growth does not materialise, there is a risk of an impairment at both the Group and Projects CGU level.

The terminal growth rates assumed from 2026 do not exceed the long-term average growth rates for the regions and sectors which the Group and its CGUs operate and are 2.4% for the Group and 2.7% (December 2021: 2.7%) for the Projects CGU.

The Group post-tax cash flows have been discounted using the Group Weighted Average Cost of Capital ('WACC') and the Projects post-tax cash flows have been discounted using a Projects specific post-tax discount rate. The discount rate is a critical assumption in the impairment test and the inflationary trends seen during the first half of the year have led to increases in both risk-free rates and risk premiums. The discount rate also reflects consideration of specific risks related to the Projects CGU such as country risk and forecasting risk.

The Group pre-tax WACC was calculated at 9.8% and for Projects this was adjusted to 11.9% (December 2021: 10.6%). On a post-tax basis Group WACC was calculated at 8.3% and Projects at 10.0% (December 2021: 9.3%) respectively.

The headroom in Projects based on the assumptions above was \$228m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review.

- A 0.7% increase in the post-tax discount rate would result in headroom of \$nil, a 0.5% increase in the post-tax discount rate would reduce headroom to \$60m.
- A 1.0% reduction in the long-term growth rate would reduce headroom to \$nil, a 0.5% reduction in the long-term growth rate would reduce headroom to \$100m.

Management have therefore concluded that no impairment charge should be recognised at June 2022.

There were no reasonably possible changes to the assumptions used in the impairment review that resulted in an impairment at the Group level.

In the second half of the year, the expected completion of the sale of the Built Environment Consulting business will result in the headroom associated with that business being removed from the Group impairment model. This, combined with any potential further increases in market driven elements of the discount rate (for example the risk-free rate) or lower than budgeted medium-term growth, could potentially result in a heightened risk of impairment at the year end. A further review will be carried out at that time.

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**12. Provisions**

|                                 | Asbestos related<br>litigation<br>\$m | Insurance<br>\$m | Property<br>\$m | Litigation related<br>provisions<br>\$m | Project related<br>provisions<br>\$m | Total<br>\$m |
|---------------------------------|---------------------------------------|------------------|-----------------|-----------------------------------------|--------------------------------------|--------------|
| <b>2022</b>                     |                                       |                  |                 |                                         |                                      |              |
| At 1 January 2022               | 342.1                                 | 55.3             | 32.3            | 93.3                                    | 112.2                                | 635.2        |
| Reclassifications               | 10.3                                  | -                | 0.2             | -                                       | 1.3                                  | 11.8         |
| Utilised                        | (23.5)                                | (3.1)            | (1.1)           | (7.0)                                   | (34.9)                               | (69.6)       |
| Charge to income<br>statement   | 2.9                                   | -                | (0.1)           | 0.1                                     | 3.3                                  | 6.2          |
| Released to income<br>statement | (25.4)                                | (8.1)            | (0.3)           | -                                       | (14.1)                               | (47.9)       |
| Exchange movements              | (3.7)                                 | -                | (1.0)           | (0.1)                                   | (3.2)                                | (8.0)        |
| <b>At 30 June 2022</b>          | <b>302.7</b>                          | <b>44.1</b>      | <b>30.0</b>     | <b>86.3</b>                             | <b>64.6</b>                          | <b>527.7</b> |

**Presented as**

|             |       |      |      |      |      |       |
|-------------|-------|------|------|------|------|-------|
| Current     | -     | -    | 5.0  | 0.3  | 24.9 | 30.2  |
| Non-current | 302.7 | 44.1 | 25.0 | 86.0 | 39.7 | 497.5 |

|                                 | Asbestos related<br>litigation<br>\$m | Insurance<br>\$m | Property<br>\$m | Litigation related<br>provisions<br>\$m | Project related<br>provisions<br>\$m | Total<br>\$m |
|---------------------------------|---------------------------------------|------------------|-----------------|-----------------------------------------|--------------------------------------|--------------|
| <b>2021</b>                     |                                       |                  |                 |                                         |                                      |              |
| At 1 January 2021               | 403.7                                 | 71.0             | 34.0            | 333.0                                   | 100.9                                | 942.6        |
| Reclassifications               | (0.7)                                 | -                | (0.1)           | (196.7)                                 | 4.6                                  | (192.9)      |
| Utilised                        | (18.6)                                | -                | (0.1)           | (21.5)                                  | (5.2)                                | (45.4)       |
| Charge to income<br>statement   | 2.8                                   | 2.5              | 0.4             | 0.1                                     | 28.9                                 | 34.7         |
| Released to income<br>statement | (9.6)                                 | (5.2)            | (3.6)           | (6.5)                                   | (12.7)                               | (37.6)       |
| Exchange movements              | 0.5                                   | 0.2              | -               | 0.4                                     | (0.2)                                | 0.9          |
| <b>At 30 June 2021</b>          | <b>378.1</b>                          | <b>68.5</b>      | <b>30.6</b>     | <b>108.8</b>                            | <b>116.3</b>                         | <b>702.3</b> |

**Presented as**

|             |       |      |      |      |      |       |
|-------------|-------|------|------|------|------|-------|
| Current     | -     | 6.6  | 3.5  | 19.6 | 54.2 | 83.9  |
| Non-current | 378.1 | 61.9 | 27.1 | 89.2 | 62.1 | 618.4 |

**Asbestos related litigation**

The Group assumed the majority of its asbestos-related liabilities when it acquired Amec Foster Wheeler in October 2017. Whilst some of the asbestos claims have been and are expected to be made in the United Kingdom, the overwhelming majority have been and are expected to be made in the United States.

Some of Amec Foster Wheeler's US subsidiaries are defendants in numerous asbestos-related lawsuits and out-of-court informal claims pending. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to, or use of, asbestos in connection with work allegedly performed during the 1970s and earlier. The estimates and averages presented have been calculated on the basis of the historical US asbestos claims since the initiation of claims filed against these entities.

The number and cost of current and future asbestos claims in the US could be substantially higher than estimated and the timing of payment of claims could be sooner than estimated, which could adversely affect the Group's financial position, its results and its cash flows.

The Group expects these subsidiaries to be named as defendants in similar suits and that new claims will be filed in the future. For purposes of these financial statements, management have estimated the indemnity and defence costs to be incurred in resolving pending and forecasted claims through to 2050. Although we believe that these estimates are reasonable, the actual number of future claims brought against these subsidiaries and the cost of resolving these claims could be higher.

Some of the factors that may result in the costs of asbestos claims being higher than the current estimates include:

**Notes to the interim financial statements**  
*for the six month period to 30 June 2022*

**12 Provisions (continued)**

- an increase in the rate at which new claims are filed and an increase in the number of new claimants
- increases in legal fees or other defence costs associated with asbestos claims
- increases in indemnity payments, decreases in the proportion of claims dismissed with zero payment and payments being required to be made sooner than expected

The Group has worked with its advisors with respect to projecting asbestos liabilities and to estimate the amount of asbestos-related indemnity and defence costs at each year-end through to 2050. Each year the Group records its estimated asbestos liability at a level consistent with the advisors' reasonable best estimate. The Group's advisors perform a quarterly and annual review of asbestos indemnity payments, defence costs and claims activity and compare them to the forecast prepared at the previous year-end. Based on its review, they may recommend that the assumptions used to estimate future asbestos liabilities are updated, as appropriate.

The total liability recorded in the Group's balance sheet at 30 June 2022 is based on estimated indemnity and defence costs expected to be incurred to 2050. Management believe that any new claims filed after 2050 will be minimal.

A net interest charge of \$2.8m for the time value of money (June 2021: \$2.8m charge) and a yield curve credit of \$23.8m (June 2021: \$9.6m), which is driven by the increase in the 30-year US Treasury Bond rate in the first half of 2022 is included within exceptional items on the basis that movements in the provision are non-trading and driven by market conditions out with the Group's control.

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims through to 2050. The receivables are only recognised when it is virtually certain that the claim will be paid. The Group's asbestos-related assets have been discounted at an appropriate rate of interest.

The net asbestos liability at 30 June 2022 amounted to \$306.2m (December 2021: \$349.1m) and comprised \$302.7m in provisions (December 2021: \$342.1m) and \$44.0m in trade and other payables (December 2021: \$54.5m) less \$28.4m in long term receivables (December 2021: \$34.0m) and \$12.1m in trade and other receivables (December 2021: \$13.5m).

**Insurance provisions**

The Group has liabilities in relation to its captive insurance companies of \$44.1m (December 2021: \$55.3m).

The Group currently has one captive insurance company, Garlan Insurance Limited, which is active and is based in Guernsey. The company provides insurance solely to other Group companies and does not provide any insurance to third parties. The provisions recorded represent amounts payable to external parties in respect of claims, the value of which is based on actuarial reports which assess the likelihood and value of these claims. These are reassessed annually, with movements in claim reserves being recorded in the income statement.

**Property provisions**

Property provisions total \$30.0m (December 2021: \$32.3m). Property provisions mainly comprise of dilapidations relating to the cost of restoring leased property back into its original, pre-let condition. The estimate of costs is the greatest area of uncertainty and the timing of future cash outflows is linked to the term dates of numerous individual leases.

**Litigation related provisions**

The Group is party to litigation involving clients and sub-contractors arising from its contracting activities. Management has taken internal and external legal advice in considering known or reasonably likely legal claims and actions by and against the Group. Where a known or likely claim or action is identified, management carefully assesses the likelihood of success of the claim or action. A provision is recognised only in respect of those claims or actions where management consider it is probable that a cash outflow will be required.

Provision is made for management's best estimate of the likely settlement costs and/or damages to be awarded for those claims and actions that management considers are likely to be successful. Due to the inherent commercial, legal and technical uncertainties in estimating project claims, the amounts ultimately paid or realised by the Group could differ materially from the amounts that are recognised in the financial statements. Litigation related provisions include estimated balances related to exposures acquired with Amec Foster Wheeler, which were originally measured at fair value on acquisition as required by IFRS 3 even though the relating possible cash outflow was not deemed to be probable. These liabilities continue to be recognised until the liability is settled, cancelled or expired at the higher of the fair value initially recorded or the amount recognised in accordance with IAS 37.

*Investigations*

Under the terms of the investigation agreements concluded in 2021, the Group will pay compensation, disgorgement and prejudgment interest, fines and penalties in instalments, with the remaining amounts due to the SFO and the Crown Office and Procurator Fiscal Service ("COPFS") payable in 2023 and 2024, with approximately \$38m paid in the first half of 2022.

**Notes to the interim financial statements**  
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**12 Provisions (continued)**

The Group has recognised the outstanding penalties within Trade and other payables of which the current portion is \$37.6m and the non-current portion of \$33.9m is included in other non-current liabilities (note 10).

*Chemical plant litigation*

In 2013, one of Amec Foster Wheeler plc's subsidiaries was contracted to engineer, procure and construct a chemical plant for a client in Texas. The cost of the project exceeded the client's budget which led to the client partially terminating the contract in December 2015, before terminating the remainder of the contract and commencing a lawsuit in Texas against the subsidiary and also Amec Foster Wheeler plc in September 2016. The client seeks recovery of actual damages, plus punitive damages, interest and attorney's fees for breach of contract and warranty, gross negligence and fraud. The alleged actual damages total \$695m, which include an alleged \$317m in lost revenue from delayed commercial operation.

The Group believes that the claims lack legal and factual merit but provided for an amount representing the fair value of the exposure upon acquisition of Amec Foster Wheeler. The estimate that the subsidiary provided was in connection with the client's initial request for a lump sum bid and highly conditioned. The contract that was ultimately signed, and that governs the dispute, is a reimbursable cost plus fixed fee contract, with no guaranteed price or schedule, wherein the client assumed joint responsibility for management of the work and development of the project schedule. Liability for consequential damages is barred, except in the case of wilful misconduct. Except for gross negligence, wilful misconduct, and warranty claims, overall liability is capped at 10 percent of the contract price (or approximately \$100 million). The Group has denied the claims and has strong legal and factual defences. The trial of the lawsuit commenced on 19 April 2022 and concluded on 22 July 2022, with a verdict expected by year end. The ultimate outcome of the case is uncertain at this point, but the Group remains open to a reasonable settlement. Due to likely appeals processes available to both parties, in the absence of a settlement it is not expected that an outflow will occur within the next 12 months.

*Other litigations*

Other items relating to litigation are included within the overall provision, none of which are individually material.

**Project related provisions**

The Group has numerous provisions relating to the projects it undertakes for its customers. The value of these provisions relies on specific judgements in areas such as the estimate of future costs or the outcome of disputes and litigation. Whether or not each of these provisions will be required, the exact amount that will require to be paid and the timing of any payment will depend on the actual outcomes.

*Aegis Poland*

This legacy AFW project involves the construction of various buildings to house the Aegis Ashore anti-missile defence facility for the United States Army Corps of Engineers. The project was around 92% complete by value at 30 June 2022 and 95% complete by physical progress and is expected to be operationally complete in the second half of 2022, with formal sign off in early 2023. There has been no change in management's assessment of the loss at completion which remains at \$222m. The full amount of this loss has been recognised to date.

The Group's assessment of the ultimate loss includes change orders which have not been approved by the customer. They are estimated based on the amount that is deemed to be highly probable to be recovered. That estimation is made considering the risks and likelihood of recovery of change orders. The Group's assessment of liquidated damages involves an expectation of relief from possible obligations linked to delays on the contract. These liquidated damages and relief assumptions are estimates prepared in conjunction with the change orders estimates noted above. The range of possible outcomes in respect to the change orders that are highly likely to be recoverable and the liquidated damages for which a relief will be obtained is material. The current estimate is that these will not be settled until 2023 at the earliest. The ultimate loss also includes the Group's assessment of the total legal costs necessary to achieve recovery of the amounts believed to be recoverable and defend our position on liquidated damages. At this point in time this is an estimate based on a weighted average of several possible outcomes and the actual costs could be materially higher or lower depending on actual route to settlement.

If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different. At 30 June 2022, provisions of \$19.8m are recognised which represent the element of the full contract loss which has been recognised through the income statement to date but for which revenue has not yet been recognised or costs incurred. In reaching its assessment of this loss, management have made certain estimates and assumptions relating to the date of completion, productivity of workers on site and the costs to complete. If the actual outcome differs from these estimates and assumptions, the ultimate loss will be different.

Non-current contract assets of \$74.6m (December 2021: \$66.5m) includes \$58.2m of gross amounts due from customers and \$16.4m of trade receivables, both of which are in relation to the Aegis contract.

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**12 Provisions (continued)**

*Other project related provisions*

Certain of the jurisdictions in which the Group operates, in particular the US and the EU, have environmental laws under which current and past owners or operators of property may be jointly and severally liable for the costs of removal or remediation of toxic or hazardous substances on or under their property, regardless of whether such materials were released in violation of law and whether the operator or owner knew of, or was responsible for, the presence of such substances. Largely as a consequence of the acquisition of Amec Foster Wheeler, the Group currently owns and operates, or owned and operated, industrial facilities. It is likely that, as a result of the Group's current or former operations, hazardous substances have affected the property on which those facilities are or were situated.

The Group has also received and may continue to receive claims pursuant to indemnity obligations from the present owners of facilities we have transferred, which may require us to incur costs for investigation and/or remediation. As at 30 June 2022, the Group held provisions totaling \$7.2m (December 2021: \$15.3m) for the estimated future environmental clean-up costs in relation to industrial facilities that it no longer operates. Whilst the timing of the related cash flows is typically uncertain, the Group expects that certain of its remediation obligations may continue for up to 100 years.

As described in note 19, the Group agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. These principally relate to businesses that were sold by Amec Foster Wheeler prior to its acquisition by the Group. The Group had recognised legacy provisions which comprised many individually immaterial provisions relating to a large number of contracts and exposures. The Group manages its exposure to these liabilities within Investment Services. During the year, legacy provisions were utilised or released as claims were closed out or due to the expiry of indemnity time periods where no claims had been received, meaning that the likelihood of an outflow was no longer probable.

The balance of project related provisions relates to a number of provisions which are not individually material or significant.

**13. Disposal Group held for sale**

The Board concluded in January 2022 that a sale of its Built Environment Consulting business was the best option to deliver value to our shareholders and in June 2022, the Group formally announced it had reached an agreement to sell the business, which is now included within the Built Environment Consulting operating segment. It is anticipated the completion of the sale will take place in the second half of 2022 and therefore the assets and liabilities of this disposal group are included as held for sale as at 30 June 2022. There have been no write-downs within the disposal group as a result of balances being reclassified to held for sale.

The composition of assets and liabilities held for sale on the balance sheet as at 30 June 2022 is set out below.

| <b>Assets held for sale</b>             | <b>\$m</b>     |
|-----------------------------------------|----------------|
| Intangible assets (note 11)             | 1,013.8        |
| Deferred tax asset                      | 1.3            |
| Property, plant and equipment           | 11.9           |
| Right of use assets                     | 54.2           |
| Trade and other receivables             | 331.1          |
| Cash and cash equivalents (note 15)     | 8.5            |
|                                         | <b>1,420.8</b> |
| <b>Liabilities held for sale</b>        | <b>\$m</b>     |
| Trade and other payables                | 232.1          |
| Lease liabilities (note 15)             | 60.1           |
| Deferred tax                            | 13.8           |
| Retirement benefit obligations (note 9) | 6.7            |
| Other non-current liabilities           | 0.3            |
| <b>Total</b>                            | <b>313.0</b>   |

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**14. Related party transactions**

The following transactions were carried out with the Group's joint ventures in the six months to 30 June. These transactions comprise sales and purchase of goods and services in the ordinary course of business. The receivables include loans to certain joint venture companies.

|                                                    | <b>Unaudited<br/>Interim<br/>June 2022<br/>\$m</b> | Unaudited<br>Interim<br>June 2021<br>\$m | Audited<br>Full Year<br>December 2021<br>\$m |
|----------------------------------------------------|----------------------------------------------------|------------------------------------------|----------------------------------------------|
| Sales of goods and services to joint ventures      | <b>7.3</b>                                         | 11.4                                     | 21.4                                         |
| Purchase of goods and services from joint ventures | <b>0.1</b>                                         | 0.5                                      | 3.5                                          |
| Receivables from joint ventures                    | <b>9.9</b>                                         | 13.4                                     | 13.1                                         |
| Payables to joint ventures                         | <b>1.3</b>                                         | 0.3                                      | 0.4                                          |

The Group operates a number of defined benefit pension arrangements and seeks to fund these arrangements to ensure that all benefits can be paid as and when they fall due. The Group has an agreed schedule of contributions with the UK plan's trustees where amounts payable by the Group are dependent on the funding level of the respective scheme. The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements. Note 9 sets out details of the Group's pension obligations under these arrangements.

**15. Cash generated from operations**

|                                                                                                        | <b>Unaudited<br/>Interim<br/>June 2022<br/>\$m</b> | Unaudited<br>Interim<br>June 2021<br>\$m | Audited<br>Full Year<br>December 2021<br>\$m |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------------|----------------------------------------------|
| <b>Reconciliation of loss before tax to cash generated from operations:</b>                            |                                                    |                                          |                                              |
| Profit/(loss) for the period                                                                           | <b>88.9</b>                                        | (11.4)                                   | (135.5)                                      |
| <b>Adjustments (excluding share of joint ventures)</b>                                                 |                                                    |                                          |                                              |
| Depreciation                                                                                           | <b>12.1</b>                                        | 17.2                                     | 34.9                                         |
| Depreciation on right of use assets                                                                    | <b>40.2</b>                                        | 51.5                                     | 101.9                                        |
| Gain on disposal of leases                                                                             | -                                                  | -                                        | (1.0)                                        |
| Loss/(gain) on disposal of property plant and equipment                                                | <b>0.9</b>                                         | 1.1                                      | (10.0)                                       |
| Gain on disposal of investment in joint ventures                                                       | -                                                  | (14.6)                                   | (14.4)                                       |
| Impairment charges                                                                                     | <b>0.4</b>                                         | -                                        | 6.0                                          |
| Amortisation of intangible assets                                                                      | <b>79.9</b>                                        | 94.7                                     | 189.9                                        |
| Share of post-tax profit from joint ventures                                                           | <b>(11.0)</b>                                      | (12.0)                                   | (31.5)                                       |
| Net finance costs                                                                                      | <b>62.4</b>                                        | 49.8                                     | 112.9                                        |
| Share based charges                                                                                    | <b>8.5</b>                                         | 6.0                                      | 22.1                                         |
| Decrease in provisions                                                                                 | <b>(73.7)</b>                                      | (59.3)                                   | (75.6)                                       |
| Dividends from joint ventures                                                                          | <b>15.6</b>                                        | 8.5                                      | 26.3                                         |
| Exceptional items – non-cash impact                                                                    | <b>4.7</b>                                         | 6.4                                      | 126.2                                        |
| Tax (credit)/charge                                                                                    | <b>(78.5)</b>                                      | 29.8                                     | 54.9                                         |
| <b>Changes in working capital<br/>(excluding effect of acquisition and divestment of subsidiaries)</b> |                                                    |                                          |                                              |
| (Increase)/decrease in inventories                                                                     | <b>(6.9)</b>                                       | (1.6)                                    | 0.1                                          |
| Increase in receivables                                                                                | <b>(31.7)</b>                                      | (66.6)                                   | (70.1)                                       |
| Decrease in payables                                                                                   | <b>(235.4)</b>                                     | (179.9)                                  | (326.1)                                      |
| Exchange movements                                                                                     | <b>6.3</b>                                         | 1.7                                      | 2.9                                          |
| <b>Cash (used in)/generated from operations</b>                                                        | <b>(117.3)</b>                                     | (78.7)                                   | 13.9                                         |

**Notes to the interim financial statements**  
for the six month period to 30 June 2022

**Reconciliation of cash flow to movement in net debt**

|                                                            | At 1 January<br>2022 | Cash<br>flow   | Other         | Exchange<br>movements | Unaudited<br>at 30 June<br>2022 |
|------------------------------------------------------------|----------------------|----------------|---------------|-----------------------|---------------------------------|
|                                                            | \$m                  | \$m            | \$m           | \$m                   | \$m                             |
| Short term borrowings                                      | (281.9)              | (12.9)         | (27.9)        | 1.2                   | <b>(321.5)</b>                  |
| Long term borrowings                                       | (1,614.1)            | (231.4)        | (2.1)         | (0.2)                 | <b>(1,847.8)</b>                |
|                                                            | (1,896.0)            | (244.3)        | (30.0)        | 1.0                   | <b>(2,169.3)</b>                |
| Cash and cash equivalents                                  | 503.0                | (85.7)         | -             | (12.8)                | <b>404.5</b>                    |
| Cash and cash equivalents included in assets held for sale | -                    | 8.5            | -             | -                     | <b>8.5</b>                      |
| <b>Net debt before leases</b>                              | <b>(1,393.0)</b>     | <b>(321.5)</b> | <b>(30.0)</b> | <b>(11.8)</b>         | <b>(1,756.3)</b>                |
| Leases                                                     | (449.8)              | 66.8           | (40.7)        | 24.1                  | (399.6)                         |
| <b>Net debt including leases</b>                           | <b>(1,842.8)</b>     | <b>(254.7)</b> | <b>(70.7)</b> | <b>12.3</b>           | <b>(2,155.9)</b>                |

  

|                                  | At 1 January<br>2021 | Cash<br>flow   | Other         | Exchange<br>movements | Unaudited<br>at 30 June<br>2021 |
|----------------------------------|----------------------|----------------|---------------|-----------------------|---------------------------------|
|                                  | \$m                  | \$m            | \$m           | \$m                   | \$m                             |
| Short term borrowings            | (315.3)              | (357.3)        | -             | 0.4                   | <b>(672.2)</b>                  |
| Long term borrowings             | (1,296.5)            | 221.3          | (1.9)         | 0.2                   | <b>(1,076.9)</b>                |
|                                  | (1,611.8)            | (136.0)        | (1.9)         | 0.6                   | <b>(1,749.1)</b>                |
| Cash and cash equivalents        | 585.0                | (117.4)        | -             | (6.3)                 | <b>461.3</b>                    |
| Restricted cash                  | 12.5                 | -              | -             | -                     | <b>12.5</b>                     |
| <b>Net debt before leases</b>    | <b>(1,014.3)</b>     | <b>(253.4)</b> | <b>(1.9)</b>  | <b>(5.7)</b>          | <b>(1,275.3)</b>                |
| Leases                           | (541.4)              | 82.3           | (41.4)        | 1.0                   | (499.5)                         |
| <b>Net debt including leases</b> | <b>(1,555.7)</b>     | <b>(171.1)</b> | <b>(43.3)</b> | <b>(4.7)</b>          | <b>(1,774.8)</b>                |

Cash at bank and in hand at 30 June 2022 includes \$253.2m (December 2021: \$240.4m) that is part of the Group's cash pooling arrangements. For internal reporting and the calculation of interest, this amount is netted with short-term overdrafts and is presented as a net figure on the Group's balance sheet. In preparing these financial statements, the Group is required to gross up both its cash and short-term borrowings figures by this amount.

The cash and cash equivalents balance includes amounts classified as restricted cash totalling \$18.0m (June 2021: \$12.5m and December 2021: \$12.5m). \$10.4m of the balance represents cash held in jurisdictions where there is insufficient liquidity in the local market to allow for immediate repatriation (December 2021: \$12.5m). The remaining \$7.6m (June 2021: \$nil and December 2021: \$nil) relates to balances held within Russia that are potentially exposed to the sanctions associated with Russia's invasion of Ukraine. Management considers it appropriate to include the restricted cash balance in the Group's net debt figure on the basis that it meets the definition of cash, albeit is not readily available to the Group. The June 2021 comparative included the balance within financial assets.

The lease liability at 30 June is made up of long term leases of \$251.3m (June 2021: \$374.0m), short term leases of \$88.2m (June 2021: \$125.5m) and held for sale lease liabilities of \$60.1m (June 2021: \$nil).

The other movement of \$70.7m (June 2021: \$43.3m) in the above table represents new leases entered into of \$32.1m (June 2021: \$30.8m) during the first half, interest expense of \$8.6m (June 2021: \$10.6m), amortisation of bank facility fees of \$2.1m (June 2021: \$1.9m) and accrued interest on loan notes of \$27.9m.

As at 30 June 2022, the Group had received \$198.4m (December 2021: \$200.0m) of cash relating to a non-recourse financing arrangement with one of its banks. An equivalent amount of trade receivables was derecognised on receipt of the cash. At 30 June 2022, \$75.9m (December 2021: \$79.4m) had been received from customers in the normal course of business in relation to the same amounts received from the factor. This \$75.9m (December 2021: \$79.4m) is due to be paid over to the factor and is included in trade payables. The benefit of this arrangement of \$198.4m is included within cash generated from operations.

**Notes to the interim financial statements**  
*for the six month period to 30 June 2022*

**16. Share based payment arrangements**

Share based charges for the period of \$8.5m (June 2021: \$6.0m) relate to options granted under the Group's executive share option schemes and awards under the Long-Term Plan. The charge is included in administrative expenses in the income statement.

For the period to 30 June 2022, \$0.6m (June 2021: \$0.5m) of shares have been acquired by employee share trusts in the open market using funds provided by the Group to meet obligations under the Share Incentive Plan ('SIP').

**17. Financial risk management and financial instruments**

*Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange and cash flow interest rate risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's 2021 Annual Report and Accounts.

There have been no material changes in the risk management function or in any risk management policies since 31 December 2021.

*Fair value of non-derivative financial assets and financial liabilities*

The fair value of short-term borrowings, trade and other payables, trade and other receivables, short-term deposits and cash at bank and in hand approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments.

*Derivative financial assets and liabilities*

The Group enters into forward contracts to hedge foreign exchange exposures arising in the normal course of business. The Group also hedges against changes in interest rates by entering into interest rate swaps. The fair values of these derivative financial instruments are included in financial assets and trade and other payables in the Group balance sheet. The fair values at 30 June 2022 are not significant.

**18. Capital commitments**

At 30 June 2022, the Group has entered into contracts for future capital expenditure amounting to \$74.0m relating to property plant and equipment and intangible assets. These capital commitments mainly relate to various existing software packages which are subsequently amortised over their useful lives. These capital commitments have not been provided for in the financial statements.

**19. Contingent liabilities**

**Cross guarantees**

At the balance sheet date, the Group had cross guarantees without limit extended to its principal bankers in respect of sums advanced to subsidiaries.

**Legal Claims**

From time to time, the Group is notified of claims in respect of work carried out. For a number of these claims the potential exposure is material. Where management believes we are in a strong position to defend these claims no provision is made. This includes a civil administrative determination, which we believe to be without legal or factual merit, made by the Contraloría General de la República de Colombia against two Amec Foster Wheeler subsidiaries, along with 22 others, in relation to work carried out for Refinería de Cartagena, S.A ("Reficar") between 2009 and 2016.

At any point in time there are a number of claims where it is too early to assess the merit of the claim, and hence it is not possible to make a reliable estimate of the potential financial impact.

**Investigations**

Following the settlement of the various regulatory investigations in 2021, it remains possible that there may be other adverse consequences for the Group's business including actions by authorities in other jurisdictions. At this time, however, these consequences and likelihood cannot be reliably estimated, and therefore no provision has been made in respect of them in the financial statements.

**Employment claims**

The Group is aware of challenges to historical employment practices which may have an impact on the Group. This includes a challenge by HMRC into the historical application of employer's National Insurance Contributions to workers on the UK Continental Shelf. We believe we are in a strong position to defend this challenge and therefore as a result do not expect that it is probable a liability will arise. The maximum potential exposure to the Group in relation to tax and interest should we be unsuccessful in our position is around \$30.8m.



**Notes to the interim financial statements**  
*for the six month period to 30 June 2022*

**19. Contingent liabilities (continued)**

**Indemnities and retained obligations**

The Group has agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. Such indemnifications relate primarily to breach of covenants, breach of representations and warranties, as well as potential exposure for retained liabilities, environmental matters and third party claims for activities conducted by the Group prior to the sale of such businesses and/or assets. We have established provisions for those indemnities in respect of which we consider it probable that there will be a successful claim, to the extent such claim is quantifiable. We do not expect indemnities or retained obligations for which a provision has not been established to have a material impact on the Group's financial position, results of operations or cash flows.

**Tax planning**

HMRC have challenged the deductibility of certain interest expenses previously considered as part of the EU State Aid investigation into the UK controlled foreign company regime. HMRC are currently at the information gathering stage. We believe that the interest deductions have been appropriately taken in line with tax legislation and guidance and therefore do not expect any outflow as a result, however we continue to monitor case law in the area and will consider any challenges by HMRC if raised. The maximum potential exposure to the Group including interest in relation to the interest deductions is approximately \$35m.

**20. Post balance sheet events**

The directors have reviewed the position of the Group, up to the date authorised for issue of these financial statements and have not identified any events arising after the reporting period which require disclosure.

**Notes to the interim financial statements**  
*for the six month period to 30 June 2022*

**Statement of directors' responsibilities**

*for the six month period to 30 June 2022*

We confirm that to the best of our knowledge:

- the interim condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the IASB and adopted for use in the UK;
- the interim condensed set of financial statements have been prepared in accordance with ASB's 2007 Statement Half-Yearly Reports
- the interim management report includes a fair review of the information required by:
  - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of John Wood Group PLC are listed in the Group's 2021 Annual Report and Accounts. Thomas Botts resigned as non-executive director on 22 June 2022.

K Gilmartin  
Chief Executive

D Kemp  
Chief Financial Officer  
22 August 2022

## Independent review report to John Wood Group PLC

### Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the Group income statement, the Group statement of comprehensive income, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

### Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

### The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

**Paul Glendenning**  
**for and on behalf of KPMG LLP**

*Chartered Accountants*  
1 Marischal Square  
Aberdeen  
AB10 1DD

22 August 2022

## Shareholder information

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#### Company solicitors

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#### Independent Auditor

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The Group's Investor Relations website can be accessed at [www.woodplc.com](http://www.woodplc.com).